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FT No. 31,627 the Financial times limited 1991

FINANCIALTIMES

Business Summary World News

Bush names Skinner as White House chief of staff

President George Bush appointed transportation secretary Samuel Skinner as chief of staff in place of John Sununu, the former governor of New Hampshire, who resigned earlier this week. Page 20

Yeltsin treaty warning Russian president Boris Yeltsin warned that a union treaty between the former Soviet the Ukraine. Page 2

Backing for Libya The Arab League, in a show of support for Libya, called on the UN to join it in studying western charges that Tripoli was behind the 1988 bombing of a US jumbo jet over Scot-

Cresson about-turn A revolt by parliamentary members of France's governing Socialists has forced the cabinet of Edith Cresson into an about-turn in its compensation scheme for blood transfusion victims infected with Aids and other diseases. Page 2

Uranium missing The UK Atomic Energy Authority shut down its Doun-reay nuclear reprocessing plant in Caithness, Scotland after the discovery that it had mislaid about 201b of highly enriched uranium - just enough to make an atomic

Walesa's power plea President Lech Walesa urged parliament to give him greater powers to appoint Poland's government and then to allow the council of ministers to legislate by decree. Page 3

Bosnia wants UN help Officials from the Yugoslav republic of Bosnia-Hercegovina want UN peacekeeping troops to be sent to the ethnicallymixed region. Page 3

Junk bond conviction Charles Keating, a key figure in the US savings and loan scandal, has been convicted on 17 counts of defrauding investors of millions of dollars through the sale of worthless

Marcos payments denied Seven Japanese companies denied accusations in Manila that they had paid \$54.8m in illegal kickbacks to the family of the late President Marcos of the Philippines, Page 4

Hoxha widow arrested The widow of Albanian dictator Enver Hoxba has been arrested on corruption charges. the country's chief investigator

Shooting spree kills 38 Suspected Sikh insurgents went on a 20-minute shooting spree in the northern Indian town of Tohana in Haryana state, killing at least 38 people.

Sir Roy Welensky dies Former Rhodesian federation prime minister Sir Roy Welensky died in hospital in Dorset, England aged 84.

Taken to the cleaners Diplomatic mail from Canada's nigh commission in London was sent by mistake to a Lon-don jail to be laundered with empty mailbags. Page 6

warns unions against high

issued a stern warning to German trade unions not to push for higher wage deals next year. Recent wage claims have exceeded 10 per cent, with set-

tlements at nearly 7 per cent. The German central bank made clear it was not loosening the reins while inflation remained high. It set a 1992 target range of between 3.5 per cent and 5.5 per cent for M3, the broad monetary aggre-

IBM of the US is creating three subsidiaries and restructuring operations as part of sweeping changes at the world's biggest computer company. One arm will take over computer printer operations, another data storage products and the third, personnel hiring services. Page 21. Details, Page 26

HEINEKEN, Dutch brewery group and the world's third biggest, is to build and run a beer brewery near Ho Chi Minh City, Vietnam. Page 21

METALLGESELLSCHAFT, tember but hopes for better results this year. Page 21

BRITISH AEROSPACE is negotiating to merge its space busi-ness with that of Matra Marconi Space, a joint venture between Matra of France and the UK's General Electric Company. Page 21

PILKINGTON shares gained 10p to 121p in London despite a halving of the UK-based glass interim pre-tax profit to £50.6m (\$89.6). The results

GRAND METROPOLITAN, international food, drink and retailing group, beat market forecasts with a 4.8 per cent rise in annual pre-tax profits to £963m (\$544.1m) and forecast

more progress in 1992. AUSTRALIA's gross domestic product slipped to 0.3 per cent in the three months to Septem ber. The announcement came

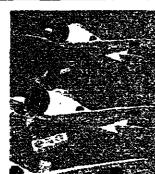
UK GAS: British government is poised to sign a treaty that will allow the first exports of gas from the UK to the Conti-

has fallen to its lowest for 20 years. Retail prices rose only 0.4 per cent in November. equivalent to an annual rate of less than 5 per cent.

<u>Weeke</u>nd

Tomorrow: Fifty vears after Pearl Harbor the US tries to come to terms with Japan

A strange duet in Salzburg



Bundesbank wage claims

The Bundesbank yesterday.

gate. Page 2

ASTRA, Swedish pharmaceuticals group, has agreed terms with US drugs giznt Merck to form a joint venture to mar ket Astra's products in the US. Astra can acquire 50 per cent of the new company. Analysts believe the stake could cost

German metals to engineering group, reported a 35 per cent pre-tax profits fall to DM316m (\$190m) in the year to end Sep-

DEUTSCHE BANK, Germany's biggest, increased group oper-ating profits by 21.7 per cent to DM5.2bn in the first 10 months of the year and forecast a good full-year result.
Page 24

were better than analysts had expected. Page 21; Lex.

hours after treasurer John Kerin declared the economy had emerged from recession.

nent. The deal is with the Netherlands. Page 32 ARGENTINA's inflation rate

Declaring Tokyo guilty of a "dastardly, unprovoked attack", President Roosevelt asks Congress to declare war on Japan, Fifty on Pearl Harbor. its war-time past. Page 4

Observer

-World -Lander Unit Trusts

STROLING DOLLAR New York lunchtime: FFr5.424 \$1.7935 (1.7735) SFr1.4065 DM2.85 (2.8625) Y128.65

FFr9.7375 (9.79) Y230.75 (229.75) £ index 90.6 (90.5) GOLD New York Comex Feb \$370.0 (367.9) \$364.75 (363.75)

Brent 15-day Jan \$19.30 (-0.075)

STOCK INDICES FT-SE 100: New York lunchtime: 2,407.0 (-16.8) FT-A All-Share: 1.156.71 (-0.8%) FT-SE Eurotrack 100: 1.050.13 (-8.07) DM1.589 (1.614) New York: FFr5.43 (5.52) DJ Ind. Av. SFr1.4075 (1.429) 2,890,43 (-21,24) Y128.70 (129.5)

377.25 (-2.81) Tokyo close: Y128.85 Tokyo: Nikkei US LUNCHTIME RATES Dec 95}} (944§)

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Sweden puls brave face on savage rate rise.....Page 2Page 18 Lex..... Norwegian banking

Central bank attempts to restore dwindling foreign confidence in the krona

Sweden lifts bank rate by six points

......Page 25 cies to revive the Swedish

crisis.....

The rightwing populist New Democracy party, which holds the balance of power, said it would back government mea-sures to cut spending, including a year's freeze on the value of child allowances.

Along with the overall effect of sharply higher interest rates on the population generally, the bank's move will particu-larly hit Swedish industry.

Mr Ingvar Carlsson, the Social Democratic leader, said the rate rise could only deepen Sweden's economic recession and cause higher unemployment. The jobless rate, now 3.1 per cent and rising, is politically sensitive in a country used to full employment.

Mr Bengt Dennis, the central bank governor, sought to reassure Swedes worried about how the higher rates would hit their home loans. "Our experience from the 1980s is that these big interest rate increases do not remain in force for very long," he said. Both Mr Bildt and the Mr Dennis blamed "circumstances outside Sweden's borders" for the rapid deterioration in capital flows. In particular they

12.3 per cent devaluation of the

markka on 15 November. Mr Dennis said overseas confidence in the krona had also been hit by concern over the heavy losses of the Nordic banking system and by uncertainties surrounding next week's EC summit at Maas-

He said there had been strong efforts to persuade international markets that Sweden's problems were different from those of Finland, but these had as yet had little effect.

Overseas investors are looking ahead to the detail of the government's first budget - due on 10 January - to see whether the coalition will be able to make the necessary spending curs to restore confidence in the economy and introduce measures to contain

Sweden's soaring budget dencit which forecasts indicate could climb to SKrsobn in 1992-1993.

On foreign markets yesterday, international investors sold krona but Swedish companies, encouraged by the bank's

Mr Jöran Bronner, chief cur-rency trader at Skandinaviska Enskilda Banken's London branch said the central bank had spent almost 25 per cent of its reserves defending the krona in the past two weeks. Yesterday the central bank was selling to rebuild its depleted reserves.

There were fears last night that the currency crisis in Swe-den could also affect the Norwegian krane where interest calm the markets.

All Maxwell assets up for sale in break-up of private companies

there's no other way".

Mrs Ann Wibble, the finance

minister, also stressed that the

increase would underline that

there was no alternative to the

The government said it

would pursue strict monetary

policies in line with those of the European Community

which it hopes to join on Janu-

ary 1 1995. The financial crisis of confi-

dence affecting Sweden has brought to a sudden end the

brief honeymoon of the non-so-cialist coalition which took

office less than two months

ago without an overall narlia-

mentary majority.

Mr Bildt insisted the govern-

ment would be able to achieve

present strategy.

By Robert Peston, Raymond Snoddy and Roland Rudd in London

Finland, but we have not got the disease," he said, adding that the rise was "a tough measure at a tough time to make a support for its free market poli-

By Robert Taylor in Stockholm and Jim McCallum in London SWEDEN'S central bank tough policy possible - but

yesterday introduced a swinge-

ing rise in interest rates in an

attempt to restore dwindling

foreign confidence in the

The bank's marginal interest

rate to banks was lifted by 6 percentage points from 11.5 to

17.5 per cent after a heavy net

outflow of capital from the

country, amounting to more

than SKr26bn in the past two-

and a half weeks.

Mr Carl Bildt, the Swedish

prime minister, said the rise

was necessary to show the

country's determination not to

devalue and to stand by its

current exchange rate policy.

"We have been infected by

MR ROBERT MAXWELL and his two younger sons were together responsible for making loans from the Mirror Group Newspapers pension fund to the family's private companies, according to senior directors of the company.

This emerged as Mr Kevin Maxwell and Mr Ian Maxwell yesterday gave up their fight to preserve the business empire created by their father. They placed Headington Investments and Robert Maxwell Group, the two master companies of the private empire, which consists of 400 companies in total, into administration under UK insolvency

The New York Daily News, the loss-making tabloid news-paper that was acquired with much fanfare last March by Mr Maxwell, separately filed for protection under US bank-

ruptcy laws. Creditors of the private companies face "significant" losses, according to Mr John Talbot of accountants Arthur Andersen who was appointed as adminis-

He refused to quantify the losses. However, bankers with a close knowledge of the fami-lies affairs said that the banks. led by National Westminster Bank, are likely to recoup no more than two thirds in total

EMPIRE'S COLLAPSE

Pages 22-23

BUS paper files petition for protection ■ Wreckage likely to claim

some victims ■ The European waits for news of its future

Family may become riches-to-racs story **⊠** Government to restrict

pension fund investmentPage 20

of the £900m (\$1.6bn) they have lent to the private companies.
"It has been ghastly today", said a director of one bank to save the companies from owed tens of millions by the administration, is owed at least Maxwell private companies. We were all expecting this, but it does not make it any easier when it happens".

The outlook is worse for the public companies, MGN and Maxwell Communication Corporation, which together are owed about £700m. Their pension funds are likely to receive no more than £100m of the £400m they are owed. MGN said vesterday that at least £350m had been removed from

its pension fund alone.
The public companies may get nothing at all. MCC secretly lent at least £240m to the private companies. MGN believes that a further £50m has disappeared from its accounts, on top of the £45m which vanished after it was supposed to be invested in gilts by a Maxwell private company. In a separate development,

Swiss Bank Corporation which issued the original invi-tation to Britain's Serious Fraud Office to investigate the private companies - yesterday appointed its own receivers. accountants Touche Ross, to a Maxwell private company in order to recover 255m.

The big UK clearing banks are owed an estimated £435m by the private companies. Nat-West, which led the attempts £150m. Bankers said that Nat-West's total exposure could be £220m. Lloyds is second biggest UK bank creditor, owed at least £30m and possibly as much as £120m.

Bank share prices fell sharply yesterday because of fears about the losses they face on their Maxwell exposure Bankers warned that MCC's value could be slight, because of its exposure to the private



European president Jacques Delors in Brussels yesterday Delors makes light of UK worries about the 'F-word', Page 2

Areas for EC unity become clearer

By David Buchan in Brusseis

THE areas - but not the shape of compromises between European Community leaders at next week's Maastricht summit became clearer last night as the Dutch presidency produced its final draft treaty on political union.

A letter accompanying the final draft said it contained no new proposals on the "federal" wording of the treaty's pream ble, or on the social policy provisions the UK is strong! contesting, or on Spain's demands for "cohesion" money for poorer states. But the Dutch presidency "is ready to present new proposals" in these issues at Maastricht. A senior UK official pre

dicted these three issues would he "the last to be settled at the summit which is planned for next Monday and Tuesday. but which may run on to

It has become clear that Britain will succeed in having removed the current pream ble's reference to the European union having "a federal goal. It has been assumed that Britain would have to concede Continued on Page 20

Summit countdown. Page 2 UK cabinet meeting, Page 6

Agnellis volunteer to bid for all of Perrier holding group

By William Dawkins in Paris

ITALY'S Agnelli family yesterday enlarged its offer for two thirds of Exor, the holding group which controls Source Perrier, the leading French mineral water group, to include all of Exor's shares. The move will cost Ifint, an Agnelli holding company, an extra FFr1.8bn (\$184m) if all

Exor shareholders accept. The gesture is significant because it is not necessary under French takeover regulations, which only oblige the Agnellis to offer for 66 per cent of Exor. It sets an important precedent for the treatment of minority shareholders in continental Europe, after pressure from investors in Exor.

It comes a day after a Belgian court ordered Accor, the French hotels group, to raise the value of its full bid for Wagons-Lits, on the grounds that minorities should be offered the same price that Accor and its partner paid to

..Page 18 Step forward for French investors......Page 24 Wagon-Lits bid request to

take control of the Franco-Belgian travel group. France's stock exchange regulator, the Conseil des Bourses de Valeurs (CBV) gave its blessing to the Ifint bid yester-day at the same time as clear-

ing a two-thirds bid by Pinault. the timber to furniture retailing group, for Au Printemps, the Parisian department stores and mail order concern. Pinault confirmed it was not planning to follow Ifint's exam-ple by extending its offer, since

the CBV had clearly declared it to be acting within the rules.

Under French takeover law

a two thirds bid is triggered

once an investor buys a third

of the shares in a company, while a full bid is only required once the 50 per cent threshold is passed. In the UK, a full bid triggered once an investor has reached 30 per cent. Ifint gave no explanation of its decision yesterday beyond pointing out that it was responding to "the expecta-

tions of numerous minority

shareholders in Exor". The Agnellis are believed to have been surprised by the criticism attracted by their two-thirds offer, from powerful French financial institutions like the Suez financial and industrial conglomerate and the Credit Agricole co-opera-tive bank which have stakes in Exor_and Perrier. On top of this, French press reports have played on the spectre of an Italian industrial invasion, citing the Agnellis' extensive French industrial interests and the control of the Béghin-Say sugar group by Ferruzzi.

World Trade ...

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277

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76

Swedish economy: Putting a brave race on 50 years after Pear! Harbor, the savage rise in interest rates2 Japan shrugs off the guilt Hungarian transition: Public servants take the Survey: Colombia moves towards political and

economic liberalisation Editorial comment: Sweden's crisis and Europe's economy; far-right politics 18 Technology: Research company aims for user-friendly gadgets

Brazilian sell-off: Teargas and riots have not stopped the privatisation programme5 German rescue: Money pours in to keep the Ruhr alive Arts Guide + Reviews . 17

Crossword .

Currencies & money 40 Editorial Comment 18

vears after the strike Japan has still failed to come to terms with

S index 62.6 (63.2) N SEA OIL (Argus)

Long Bond: 10134 yield: 7.841%

3-mo Treasury Bills: 4.409%

Fed Funds: 4 % %

22,459.17 (-210.27) LONDON MONEY 3-month interbank:

Death of the D-Mark was greatly exaggerated

GERMANY woke up with a start yesterday to the realities of Maastricht and its after-

"Mark to be abolished," howled the mass-circulation daily Bild. "The D-Mark is our gift to Europe," proposed Die Well, its grown-up sister publication. "German industry warns against over-hasty mon-etary union," droned the po-faced Handelsblatt.

The muted public debate. previously confined to the com-mentary columns of the heavy press, boiled up unexpectedly yesterday in popular papers which rarely deign to raise their sights higher than chest-level.

Bankers babbled soothingly on early morning radio that they had serious doubts that the introduction of a common currency could be achieved by the end of the century, and in any case the prospect of having the European central bank based in Frankfurt was some

An 88-year-old woman, interviewed in Munich, said the name or nature of the currency in 2000 would make no differ

"We have not sacrificed the D-Mark," Mr Theo Waigel, the 52-year-old finance minister, told the Bundestag. "Nor have we given it away to Europe. It



is and remains the symbol of

German stability." Bild, mourning "Our beautiful money" in inch-high letters, had regaled its 5m-odd purers with an accusatory tale of woe hinting at conspir-acy. Did readers know, it asked, that they would soon be carrying European chocolate money known as Ecus in their

Politicians, bankers and ulsts knew, but no-one had said a word against. Why? Could Germany afford to give away what it had worked so hard to build? The paper offered no answers, only a conclusion: "Adieu, stability." Stability, which yesterday

emerged as the German equivalent of British sovereignty in summit parlance, was also the

Weiss, president of the BDI employers' association. Indispensable preconditions for the introduction of a single Euro-pean currency, he said, included wide-reaching consensus on economic and monetary policy, strict budgetary discipline and commitment to sta-bility.

The creation of a united states of Europe with a single currency was inevitable, he said in an interview, but mone-tary integration should not be over-hasty. The risks and opportunities must be coolly weighed at every step, he

All member states must also he given access to an "emer-gency exit" through which they could escape the final stages of economic and mone-

EC's chief 'mechanic' gets down to nuts and bolts

Delors makes light of UK's worries about the 'F-word'

"NO ENGLISH? This is a serious gap... I trust it is not an omen," Mr Jacques Delors quipped yesterday as the English translation channel sputtered out at the beginning of his pre-Maastricht press con-

The president of the European Commission was balancing optimism of the will – and spicy good humour - against the pessimism of his formida-ble intellect, about the likely outcome of next week's summit on economic, monetary and political union

He was also being rather nice about the British - while rubbishing most of their ideas and numerous caveats about European integration. Accosted by F-wordy British

journalists, he insisted that federalism is a system which does not concentrate power but "It is a guarantee against the

encroachment of bureaucracy, against a Berlaymont gone driven mad already." Mr Delors was less interested

in federalism than another Euro F-word, the layers of Fudge in the draft treaty on political union which he believes make parts of it inoperable.

Three times he said the mechanism for a common foreign policy would not work. This requires unanimous decisions of policy before implementation by majority vote: what minimalist British officials who reject even this have taken to calling the "colour of the Land Rovers clause".

If we were meeting the East Europeans, Mr Delors said. first we would have to decide, to be in Warsaw, Budapest or

Denmark

corporate

tax to 34%

DENMARK'S corporate tax

will fall from 38 to 34 per cent

from 1992, under a six-party budget compromise reached in

the Folketing (parliament) yesterday.

The reduction will be accom-

panied by the introduction of a

in state expenditure, Mr Dyre-

reduces

By Hilary Barnes in Copenhagen

COUNTDOWN TO MAASTRICHT



Prague. Then we would all have to agree whether we were going by plane. Lunch? We would need an opt-out clause for vegetarians. No doubt we would use majority voting to decide where the smoking and non-smoking sections should

The Commission president said he would have "to see whether the car that people are trying to sell us is a good runner. We're not in the driving seat; we're the garage mechanics, but we have to say what we think, and I'm saying it won't work."

He asked Britain if it "believes that union brings strength".

"I believe Great Britain has the best diplomatic service in the world," he went on: "I don't see why it should be worried about foreign policy."

"The same goes for mone-tary union," he added, gently chiding the UK for a reticence few in the Commission take at

On the crunch issue for the UK of more EC social policy, he was also understanding about Tory horror of "socialism by the back Delors". "I am very aware of their problems over industrial rela-tions...but opting out could

create a dangerous precedent," he said, "a distortion of compe-

one country as a paradise for foreign investment, particu-larly Japanese investment," he said, as Delors the impassioned polemicist flashed briefly to life. "Then wouldn't Spain want to opt out on the environ-

The "minimum provisions" of the EC Social Charter "are accepted by even the least developed countries of the Community," he jibed. "It can-not be a question of production costs, it must be a question of ideology."

EC states pose as much of a threat as Britain's general reluctance, he said: "One has forgotten that there are other countries which might say at the end 'this won't do'." ingt he Rri

Money demands by poorer

against all the others.' Spain is spearheading demands for rich states to dedge in the new EC treaty that they will funnel more funds to Spain itself, Ireland, Greece and Portugal – the four poorer states – under a princi-ple known as "economic and

social cohesion". Asked whether he would resign rather than accept an emasculated European Union, Mr Delors said he would appear at the final Maastricht press conference, and say only that he would be consulting the full Commission.

But unable to resist a last joke, he added: "And I will be holding the treaty like this." Stapled to the bottom of his folder was a triumphalist British press headline: "Ever Weaker Union."

Russian president says status of Ukraine holds key to future

Yeltsin warns of union deadlock

MR Roris Veltsin, the Russian President, yesterday warned that a union treaty between the former Soviet states was impossible without the Ukraine.

His comments, coming after further disavowals yesterday from the Ukrainian leadership of any intent to sign either the union or the economic treaties appears to mark the end of efforts to find a new confederation to replace the Soviet

Speaking after a meeting with Mr Mikhail Gorbachev which he described as "complex" and which Mr Gorbachev called "frank", Mr Yeltsin said that "if Ukraine will not be in the union, then I myself cannot represent such a union. If Ukraine does enter the union then so will Russia. I think that the (Russian) Supreme Soviet will support that." Mr Yeltsin flies to Minsk

tomorrow for talks with the Ukrainian and Belorussian leaders on a possible loose grouping of the three Slav states, and to sign an economic treaty with Belorussia. On Monday, Mr Gorbachev will meet Mr Leonid Kravchuk, the Ukrainian president, in Moscow.

eral times threatened resigna-tion if a union treaty is not signed, said that he saw no alternative to a union, but that it could hardly exist without Ukraine. However, he hoped that the meetings in Minsk and Moscow would bring some change - and said: "Don't put a full stop on everything yet."
Mr Yeltsin's plans for eco-

nomic reform are now threatening to tear apart his government, as bitter feuding over the reform broke out into the open yesterday.
At the same time, the Rus-

sian government announced its tion to proceed with widespread price rises in 10 days' Mr Alexander Rutskoi, the

Russian vice-president, is coming under heavy pressure to resign, following a month of increasingly overt attacks on policies towards ethnic separatism and economic change. Avoiding direct criticism of Mr Yeltsin, he has nevertheless bitterly attacked the Russian



parliament's decision – agreed by Mr Yeltsin – to withdraw troops from the rebellious republic of Chechen Ingushetia who were sent to restore order, and he continues a salvo of abuse directed at the plans of the new Russian cabinet to free most prices as a prelude to

further reforms.

The vice-president, a former air force colonel and prisoner of the Afghan Mujahideen, is seen by many as positioning himself to benefit from the wave of popular discontent now growing over shortage of food, and set to increase once

prices are raised. The evening paper, Izvestia, yesterday reported that the general view in political circles

was that "if a new putsch hap-pens, Rutskoi will lead it". He has called the new ministers - headed by Mr Egor Gaidar and Mr Alexander Shokhin, joint deputy premiers - "peo-ple in short trousers", empha-sising their youth and inexperience: and, on his return from a tour round Siberian cities, he has forecast a social explosion once the prices are raised.

However, Mr Gaidar yester-day repeat the government's intention to free prices shortly, in spite of pleas from other republics to delay the measure to give them time to prepare the shock waves of Russia's

reform.

Earlier this week, Mr Gaidar said that the liberalisation of

prices would take place on December 16 - and though he said yesterday no date was fixed, he emphasised that "a delay in price liberalisation would put the brakes on Russian reform".

Mr Gaidar said that the Russian president had already signed a decree on price liber-alisation, and that it will be initiated after amendments are adopted by parliament on new taxes - including a 28 per cent value added tax.

Commenting on Mr Rut-skoi's opposition, he said that he called for his resignation - and he went on to add: "I do not think the status quo will

Bundesbank cautions on wages settlements By Andrew Fisher

in Frankfurt

GERMAN trade unions were again warned yesterday not to push for high wage settlements next year, when the Bundesbank set another tight money supply target and said it was not loosening the rains while inflation remained high.

The Bundesbank said its target range for M3, the broad monetary aggregate, would lie between 3.5 per cent and 5.5 per cent in 1992, taking account of likely production growth, price rises, and the speed of money in circulation. This was slightly higher than the 1991 level, tightened in summer to 8-5 per cent, but Mr Heliaut Schlesinger, Bund-esbank president, said: "This does not mean a relaxation of monetary policy". This year's target, originally set at 4-6 per cent, had been cut because monetary conditions in east Germany had settled quickly.

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The Bundesbank took no action on interest rates at yes-terday's fortnightly meeting, though financial markets have generally discounted a quarter point rise in the Lombard emergency funding rate from 9.25 per cent.

This was not expected to be decided today before the Maastricht summit, but at the next Bundeshank meeting on

Yesterday's meeting was attended by Mr Johann Eekhoff, state secretary at the Economics Ministry. He agreed about the dangers to economic stability if wage settlements stayed high and fiscal policy too expansive. With the new M2 target, he added, "we have a chance economic development is not endangered and we have growth. But the risk

it goes wrong is considerable." Recent wage claims have topped 10 per cent, with settle ments at nearly 7 per cent. Mr Schlesinger said more high settlements would raise indus-

Slowdown in German growth

By Christopher Parkes in Bonn

THE PACE of economic growth in west Germany slowed down in the third quar-

his earlier forecasts of 3 per cent GNP growth for the whole year, said the main cause of the slow-down was reduced private demand. Spending power had been affected by increased taxes

Price increases had also of high wages. Average unit labour costs for the whole of German industry in the third economics institute in Munich, meanwhile, forecast further deceleration in growth. During 1992, it said industrial production in the west would

increase by only 2 per cent.

The federal statistics office pointed out that despite the flattening growth curve, the number of people employed in the west during the period under review was more than 3

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Loudon SEI 9HL. The Financial Times
Ltd. 1991. Yesterday, Mr Magnus Lem-mel, the head of the Federation of Swedish Industries, said the

Financial Times (Scandinevia) Vimmel-scalet 42A, DK-116) Copenhages-K, Deamark, Telephone (33) 13 44 41, Pax (33) 935335.

Bonn relieved by coal subsidies ruling

Cresson U-turn on Aids cases after revolt

By Andrew Hill in Brussels and Christopher Parkes in Bonn

GERMANY is to be allowed to maintain its subsidy system for coal used for electricity genera-tion until 1995, the European Commission's competition

department ruled yesterday.
The decision, which followed heavy lobbying by German

relief in Bonn.
Brussels had wanted the yearly total of 40.9m tonnes of subsidised fuel to be reduced sharply during the remaining

A REVOLT by MPs belonging

to France's governing Socialist

party has forced the govern-

ment of Mrs Edith Cresson to make an about-turn in its

planned compensation scheme

for blood transfusion victims

who were infected with Aids

The revolt is the latest sign of growing agritation in the

and other diseases.

four years of the so-called "Century" contract between power generators and coal

The contract allows power suppliers to levy surcharges on electricity bills to compensate them for the extra cost of German coal prices are three

times world market rates. Brussels accepted assurances that the amount of newly-mined coal would be cut, the

increasingly public determina-tion of some parliamentarians to distance themselves from

Mrs Cresson and President

ahead with its compensation scheme for people infected by contaminated blood in the mid-

1980s, which could cost between FFr10bn (£1.02bn) and

FFT14bn over several years.

The government will go

Francois Mitterrand.

balance to come from existing German stocks, and that coal production plans for the years after the expiry of the contract would be reduced.

The coal industry and miners' representatives, which are already reconciled to overall

ment's approval now has to be ratified through formal Comlegal effect.

and the loss of 30,000 jobs by the end of the century, said the decision would not change The competition depart-

through a 6 per cent surcharge

on the damage and accident policies of the French insur-

Mrs Cresson seems still to be thinking of some type of taxa-

tion on the insurance industry,

though in a different form; but evidently part of the cost of the scheme would now come straight from the state budget.

Tension between the govern-

ance industry.

mission procedures, including asking other interested parties for their views, before it takes Bringing the German sys-

tem into line with the Commission's approach will be an important step on the road to a single market in energy," Sir Leon Brittan, competition commissioner, said yesterday. Dying heart, page 16

dent Mitterrand's suggestion

that the voting rules for gen-eral elections should be re-writ-

ten, by introducing a larger element of proportional repre-

A party working group, set up to study the options for electoral reform, last week

gave up the attempt to reach

agreement, in the face of heavy

opposition from most of the

as the main opposition Social

ment's free market strategy.

suggest any early recovery. The sudden huge rise in interest rates has come as a further

body blow to hopes of an early

6 point increase in interest rates was "acceptable" in so

far as it strengthened the government's chances of getting its market policies through

parliament. But he also warned

that "a permanently high inter-

est rate would effectively destroy the climate for invest-

ment and be wholly unacceptable."

Foreign markets appeared to

be surprised by the size of the interest rate increase yesterday. There were some feelings that the Swedish authorities

industrial revival.

main factions in the party.

ter of this year. Real gross national product rose 2.5 per cent, contrasting sharply with rises of 4.2 per cent in the first three months and 4.8 per cent in the period to the end of Mr Jürgen Möllemann, economics minister, standing by

and duties.

accelerated, he added, because quarter were 7 per cent higher than a year earlier. The Ho

per cent higher than in the comparable part of 1990. October unemployment, the

Democrats appear opposed to the basic thrust of the govern-Sweden's grim industrial outlook for 1992 is causing concern. Many companies have reported poor interim results over recent weeks and few of their forecasts for next year success any agric vaccyars. federal labour office reported yesterday, was little changed from the previous month's totals. Some 1.6m, or 6 per cent, were registered unemployed in the west, with num-bers in the east hovering around 1.05m, or 11.9 per cent.

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party at the apparently unstop-pable decline in the popularity of the government, and an But it has dropped its plan to finance the scheme mainly has also surfaced over Presi-Sweden puts brave face on savage interest rate rise The government hopes to encourage the return of capital and a stronger krona, writes Robert Taylor to become a member of the Swedish prime rate European Community on January 1 1995 and accept all the financial disciplines necessary to join the third stage of eco-

Selected centre-right gov-ernment was yesterday putting a brave face on its decision to raise market interest rates by a savage 6 percentage

points to 17.5 per cent.
"A necessary, correct but
temporary measure to deal with a temporary situation,"
was how Sweden's prime minister, Mr Carl Bildt, described
the Central Bank's response to
an accelerating outflow of
short-term capital from the country.

Both he and Mrs Ann Wib-

pay-as-you-earn system for ble, the finance minister, hope profits tax, and the Federation of Danish Industries says this that the government's firm action will encourage the will leave companies with no return of capital and restore The tax is currently paid 11 months after the end of the foreign confidence in the Swedish krona so that Sweden can return to less crippling interest rates as soon as possible.

Mr Henning Dyremose, Dan-ish finance minister, described The government yesterday insisted that "outside factors" the budget, which will be enacted on December 18, as the were mainly responsible for the sudden net outflow of capimost restrictive for many tal, which saw Skr26bn It is expected to lead to a contraction in the economy of 0.1 per cent of gross domestic product. (£2.48bn) leave the country between November 15 and 30 with a more rapid acceleration over the past few days.

This year's budget delicit of Mr Bengt Dennis, the central bank governor, pinned the blame for the interest rate rise on what he called "the contaabout DKr38bn (£3.4bn)
DKr8bn higher than estimated when the draft budget was gious effect" on the krona of Finland's 12.3 per cent devaluapresented in August - will be cut to DKr28bn next year and there will be no real increase tion of its markka on 15

Although Finland's eco-

Sweden applies to join EC 2 Sweden Sweden wants to join Eu win general election Sweden says it wants to join EC seaction

16 Wants to join EC Sweden says it wants to join EC

nomic troubles are much more severe and different from those of Sweden, investors far away cannot distinguish between the various Nordic economies, he

Mr Dennis received some vate sector economists in London. Sweden, according to Mr David Brown, international economist with Swiss Bank Corporation in London, has fallen prey to a "Pavlov dog reaction" in financial markets following the Finnish devalua-The central bank governor said the capital outflow may also have reflected uncertain-

ties in the European money

markets in the countdown to next week's Maastricht sum-

mit, the weak American dollar and the troubles of the Nordic banking system. Blame has also been attached to worries about developments in the Soviet Union.

The government and the central bank yesterday argued that Sweden should have been immune from the "Finnish individual" beautiful to the statement of the statem sickness" because: A strong consensus exists in Sweden against any devalu-ation, unlike in Finland and

 Although Sweden's economy might be weak, it is not as vulnerable as Finland's which is expected to contract by 5.5 per cent this year.

To underline their tough stance, both the central bank and Mr Bildt repeated yesterday that Sweden is determined

nomic and monetary in the EC.
"We are prepared to defend the existing exchange rate of the Krona within the narrow band linked to the European Currency Unit by every means," insisted Ms Wibble yesterday. She underlined there would be no devaluation in response to a "slight distur-bance in the financial mar-

Attention is now expected to focus on the budget for 1992, which is due on January 10. This looks like playing a decisive part in trying to convince the doubting outside world about the government's intention to resolve Sweden's structural structure.

tural economic problems.

Yesterday, Mr Bildt and his finance minister could do little except repeat their good intentions to push on with their already announced free market measures and cuts in public expenditure of up to \$25.55m

expenditure of up to SKr15bn 1.43bn) a year. In their first six weeks in office the non-socialist coalition won plaudits for the apparent courage of its commitment to turn Sweden into a more market-oriented direc-tion. But observers are con-

cerned that while the govern-

ment has a clearly thought out

short-term one is lacking.

The markets are genuinely concerned about the size of the government's budget deficit and how it will be funded. Mrs Wibble suggested it could run as high as Skr90bn in the as high as Skr30bn in the 1992-1993 financial year, or just over 5 per cent of Sweden's gross domestic product. Control of current public spending is therefore of vital importance in ensuring the credibility of the government.

credibility of the government's economic strategy. But this also will depend on the government winning parliamentary approval for austerity measures next month.

r Bildt's government lacks an overall par-liamentary majority, however. Yesterday, the populist right-wing New Democracy (ND) - which holds the power balance - agreed to support the government's unpopular proposal to freeze child benefit next year and save Skr4bn. That proposal was seen as cru-cial in proving the coalition's determination to cut spending

programmes.
It is possible but not certain that the unpredictable ND will give Mr Bildt's government the parliamentary votes it needs to push through its economic pol-icles. But the creation of a broad-based political consensus is another matter, particularly

may well have over-reacted.

The verdict of the markets

over the next few weeks should provide the answer. What is dready certain after yesterday's interest rate increase is that Mr Bildt's early heady days in office are well and

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Walesa urges

him more power

Olszewski comes after weeks of

who had hoped that Mr Jan Krzysztof Bielecki, the outgo-

ing prime minister, could be kept on as the head of the gov-

ernment. Mr Bielecki's resigna-tion, which was accepted by

parliament, follows inconclu-

sive parliamentary elections on October 27 which saw over 10

political groups enter the 460-

of the two chambers.

seat Seim, the more important

President Walesa saw Mr

Bielecki as better equipped to steer the country towards a

western-style economy.
Mr Olszewski was a defence

lawyer for political dissidents

under the communists as well as an adviser for Solidarity.

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Jame

cautions on wages settlements

attack married secretary to PRESIDENT Lech Walesa sion to put forward Mr yesterday urged parliament to give him greater powers to resistance by the president. appoint Poland's government and then to allow the council of ministers to legislate by decree in special circum-

His call came after he bowed to the wishes of a five-party, centre-right coalition in parlia-ment and nominated their candidate, Mr Jan Olszewski, for the post of prime minister.

Referring to Poland's efforts to introduce free market reforms, he told parliament: "If we don't give more power to the executive then we'll run out of time, people will lose patience with us."

The president wants the right to appoint the government and only have parliament vote its confidence in a new cabinet. At the moment parlia-ment appoints the cabinet at the president's nomination. Under the new powers, the president could dismiss the

However, he retained links with the Catholic church and has lately occupied a position on the right of the political spectrum. He stands at the head of a coalition of five par-ties, most of whom criticised government directly.

Parliament is likely to whittle down the president's proposals and maintain some say
over the government. The decithe depth of Poland's recession in their pre-election propa-ganda, but have since stressed that policies should avoid the risk of fuelling inflation.

Bosnia appeals for UN force to preserve peace

OFFICIALS from the Yugoslav republic of Bosnia-Hercegovina want UN peace-keeping troops to be sent to the ethnically-mixed region.

Mr Rusmir Mahmutcehajic, the deputy prime minister of Bosnia-Hercegovina, said yesterday that the UN must send troops "in order to contain the fighting and to preserve the peace where it already exists". His appeal came as western diplomats voiced increasing pessimism over the possibility of deploying troops in the breakaway republic of Croatia. Mr Cyrus Vance, the UN's

special envoy, who yesterday

held another round of talks with Mr Slobodan Milosevic, the president of Serbia, and General Veliko Kadijevic, the federal defence minister, will travel later in the week to Bosnia-Hercegovina.

Mr Vance has repeatedly stated that no UN troops will be sent to Croatia until there is a lasting ceasefire and until both sides agree about where the troops should be stationed. However, Mr Mahmutcehajic said that even if the fighting continues in Croatia, the UN must take action to preserve the peace in other parts of the country.

Public servants in Hungary take the political flak HK group to

UBLIC servants in Hungary are finding it increasingly difficult to stay out of the political cross-fire. The independent-minded head of the central bank is the most recent casualty. Mr Gyorgy Suranyi signed a seemingly innocuous appeal for more democracy and lost his job last week as a result.

Mr Suranyi's controversial replacement by a loyal government minister was symptom-atic of a wider problem that besets many former communist countries: the clash between loyalty and expertise.

No one questioned Mr Suranyi's abilities. His fault was to put his name to the Democratic Charter, a collection of commonplaces about democracy combined with the implication that Hungary still had

some way to go. Insulted, Mr Jozsef Antall, the conservative Hungarian Democratic Forum (HDF) prime minister, dismissed the

In administration, expert is often

synonymous with communist or liberal

central bank chief. Mr Antall explained: "If someone cries for freedom in a place where there is liberty, then he is a victim of a false idea or not telling the truth." To the most sensitive of its critics, the government's behaviour brought back uncomfortable memories. Sacking because of a signature and the confusion of neutrality with opposition were both com-

munist hallmarks.

The reshuffle at the central bank was no isolated incident. Mr Ferenc Somogyi, the top civil servant at the foreign ministry, resigned this week in protest after the government sacked two of his deputies.

Most contentious of all has been the government's effort to force through its nominees to senior posts in the national television and radio. The HDF's preoccupation was expressed most strikingly in an internal party memo written by Mr Imre Konya, parliamen-

tary leader of the HDF.
The time had come, Mr Konya wrote, for "decisive action" on the media. The gov-ernment had convinced the world that it was tolerant. Now it could afford to combat the domination of the media by journalists sympathetic to the opposition, he explained.
I think [the trend towards

renewed politicisation of national institutions] is all part of a pattern," says Mr Gaspar Miklos Tamas, a prominent MP in the opposition Alliance of

Free Democrats.

But Mr Gyorgy Schamschula, political state secretary at the ministry of employment, said the opposition's outrage is overdone. "Every government always tries to put its own people into positions," he stated. in eastern Europe, the con-cept of public service has to be completely reconstructed after four decades during which the state and the communist party

were intertwined. Communist regimes linked most political appointments to political loyalty. As a result, they have left their democratic successors struggling to estab-lish consensus about how deep political control of the adminis-

tration should go. "Nobody knows what is a civil servant and what is a political appointee; nobody knows where the border is," says Mr Viktor Orban, leader of Hungary's opposition Alli-

ance of Young Democrats.

But the very notion of exper tise is also politically loaded. Mr Schamschula claims that there is precious little neutral ground for officials to stand on. "Look, someone who is not a Free Democrat or an HDF member is usually an ex-com-

munist," he said. The reality is that administrative experience could be gained only by working under the former communist regime. Thus, expert is often synony-mous with communist, or if not with communist, then with liberal, for the governing conservatives have few supporters

¬he HDF politicians argue that communists and opposition liberals in public service hide their disloyalty to the elected government behind the cloak of

expertise. Over-emphasis of expert skills is a cheap Bolshevik trick," said Mr Istvan Csurka, a right-wing MDF deputy. Hungary is finding it difficult to attract public servants with the right combination of loyalty and expertise. For Mr Csurka, loyalty comes first. As the debate continues, the government has put forward legislation to purge the top layer of the administration and media of those linked to the communist secret police. Hungary is set to add a new dimen-

sion to the delicate reconcilia-

tion of loyalty with expertise.

WORLD TRADE NEWS

Turkey, EC | Hopes of breaking farm in new push for customs By William Dullforce in Geneva and David Gardner in Brussels union

By John Murray Brown TURKISH and European Commission trade officials meet in Ankara today in renewed talks on a proposed customs union, due to be

implemented in 1995. These will be the first EC talks with the new coalition government of Mr Suleyman Demirel. The meeting is a follow-up to the joint Association Council session in September, when foreign ministers met for the first time since Turkey walked out of a council meeting in Luxembourg in 1988

in Ankara

over the Cyprus issue.

Copyright, dumping, textile quotas and tariff cuts will dominate the talks. The EC is also to seek assurance that Turkey's recent accord with Efta does not contravene its 1960 association agreement with Brussels.

In 1989, in line with efforts to make its industry more competitive, Turkey cut tariffs for all trade partners, ignoring what the EC felt should be its preferential status under the 1960 accord. Today, Turkey is promising support for its industry. EC officials are concerned this may constitute furcerned this may constitute fur-ther subsidies.

Progress towards customs union was resumed in 1988, eight years after economic ties were frozen after Turkey's military coup. Currently, 53 per cent of Turkish industrial goods enter Community markets free of duty. Turkish farm trade, technically with a zero tariff, faces calendar and quantitative restrictions.

Under the 1960 accord, Tur-key is pledged to scrap tariffs on EC goods by 1995. Officials say it is on track, with cuts say it is on track, with cuts realised on 40 per cent of general items, and 50 per cent of a more sensitive product list.

The EC is also to raise the issue of Turkey's special levies, the so-called non-budgetary funds, which though not technically tariffs.

though not technically tariffs, provide 60 per cent protection. Torkey is likely to tie any concession on this to anti-dumping, where it was subject to seven investigations in 1990, more than any other country. Officials say Turkey is com-mitted to reduce various tax benefits for its steel exporters next year. At the same time, its proposal for unifying its import tariffs was welcomed by EC officials.

press on with Thai project

By Peter Ungphakorn in Bangkok

HOPEWELL Holdings of Hong Kong has agreed to start build ing a 37-mile elevated road and railway project in Bang-kok for an estimated Baht 80bn (£960m), despite being denied some of the tax concessions it was seeking.

The decision ends two years controversy over the plan, the main aim of which is to raise the State Railway of Thailand's existing tracks above Bangkok's congested streets. Main source of revenue will be real-estate development at key

points along the route.
One Thai cabinet member involved in the talks, Mr Phaichitr Uathavikul, minister in the Prime Minister's Office with responsibility for economic affairs, warned that the decision to go ahead still left various problems unsolved.

The worst was a lack of coordination between the Hopewell transit project and others in various stages of planning or execution, he said.

The Hopewell project is one of several large projects the government has been renego-tiating since the coup d'état in February. Most involve road or rail building in Bangkok. In most cases, route planning had not been not co-ordinated, and the three rail projects use incompatible technology.

One project, for expanding the telephone network, is now going ahead after CP Telecomm. the private-sector company which had already signed the contract, agreed to scale down its concession to 2m new lines in Bangkok, leaving Im provincial lines for alternative bidders, a deal the government said would avoid a monopoly.

Mr Anand Panyarachun, the prime minister, suggested the next renegotiation to be con-cluded would be with Lavalin of Canada over the Skytrain 22-mile elevated railway. An announcement might be made by the end of the month. The renegotiations with Hopewell were based on a contract signed in November last year. Hopewell was then given a year, later extended for another month, to negotiate investment incentives and to decide whether the terms were

acceptable. The Thai government agreed to a corporate tax holiday but rejected other concessions including a tax break that would have been worth an estimated Baht 14bn.

impasse hang on US talks

where the 12 EC states are

already at odds over monetary

If Mr Madigan and Mr Mac-

Sharry fail to achieve a break-

through tomorrow, Mr John

Major, UK prime minister, and Mr Ruud Lubbers, Dutch pre-mier and current EC president,

are expected to raise the farm

question at the summit, against French hostility to hav-

ing it "polluted" by the Uru-guay Round.

The EC Commission consid-

ers it "bad tactics" to have the

Round discussed at Maastricht

but prospects for a break-

through are uncertain. EC officials said yesterday that neither side had "budged one iota" on the core issues in the

US officials said the

previous two days.

and political union.

HOPES OF breaking the EC-US contention at Maastricht, farm subsidy deadlock are now pinned on a meeting in Washington tomorrow between Mr Edward Madigan, US agricul-ture secretary, and Mr Ray MacSharry, EC farm commis-

Two days' talks between top

trade and farm negotiators, backed by political trouble shooters representing the US and EC presidents, in Brussels and the Hague, ended inconclusively on Wednesday. The Washington meeting is seen on the EC side as the last

chance of winning an understanding before next week's Community summit at Maas-tricht. The bilateral dispute over agriculture, which is jeop-ardising five years of interna-tional trade negotiations in Gatt's Uruguay Round, threatens to become another bone of

Bush takes tougher stand on trade By Nancy Dunne in Washington PRESIDENT George Bush, weakened in the opinion polls and approaching a re-election campaign, has apparently concluded that he must in future take a tougher stand on trade with Japan or be forced to deal with a belligerent Congress.

With the Democrats prepar ing new legislation to challenge Japanese advances into the domestic car and car parts markets, the White House has invited 15 US business executives to accompany the president on his trip next month to Japan, South Korea and Singa-

supported by an angry elector-

Among the industrialists going along will be the heads of Chrysler, General Motors and Ford - Mr Lee Iscocca, Mr Robert Stemple and Mr Harold "Red" Poling respectively. Also included are the heads of the US Chamber of Commerce and the National Association of Manufacturers.

Mr Robert Mosbacher, US commerce secretary, has made a point of taking executives on his trips around the world, in order to have them attend meetings with foreign officials and their industrial counter-

criticised by the business com-munity for failing to provide the same service. Japanese car makers are now under attack in various

parts.
The White House has been

American forums. The Commerce Department has extended the time for its inves-tigation of alleged mini-van dumping by Mazda and Toyota. Allegations of anti-semitism brought Mr Cohen's subsequent suit to the attention of the House government operations subcommittee on In the courts, a new contro-versy has surfaced involving employment and housing,

the purchase of a rental car agency by Mitsubishi.

Mr Sidney Cohen, the founder of Value Rent A Car in Palm Beach, Florida, sold his agency to Mitsubishi in June with an agreement that he and his family would continue to manage the company and share in operating profit for

not made the progress the US would have liked. The

Madigan-MacSharry meeting

showed each side had the will

to continue intensive talks but

the possibility of a result

should be neither over- nor

The outstanding problems remained how to effect export

subsidy cuts, via budget out-

lays or by determining the vol-umes of subsidised products on

world markets; what domestic

farm supports should be put in

the "green box" of permitted

measures; how much immedi-

ate access to currently closed

Brussels officials said the US

had proposed that two-thirds of

the 35 per cent cut in export subsidies should be effected on

export volumes. As a quid pro quo for this EC concession, the US would undertake to freeze

markets could be achieved.

underestimated

The family was "suspended" from the business, according to Mr Cohen, after he insisted on buying Fords rather than

COLGATE-Palmolive higher-priced Mitsubishis.

MacSharry: last chance for winning an understanding

feedstuffs to the EC at the average of the last five years.

Cuts in quantities were an

absolute must, US officials

said, but Washington was not opposed to a mix of methods.

depended on Mr MacSharry and Mr Madigan finding a bal-

An EC official said success

which is headed by Congressman Tom Lantos. Mr Lantos ordered an investigation by Congress' general accounting office.
Mitsubishi is alleging that the Cohen family concealed

problems in the business. According to the Cohens, when they were ejected from the company, Value's rental fleet was 99 per cent American; now it is 10 per cent domestic cars and 90 per cent Mitsub-ishis.

annual exports of non-grain ance between "how much is bankable among EC member states and how much is sell-able in the US Congress". If they failed, the impasse would have to be referred back to President Bush and Mr Lubbers who at the US-EC summit in The Hague on November 9 had pledged to find a solution.

Colgate plan for Chinese market

vesterday announced plans to enter the potentially huge Chinese toothpaste market through a joint venture in southern Guangdong Province, Martin Dickson reports from New York.

Colgate said it was the first of the main western toothpaste makers to set up such an operation in China. Its product will be made in the city of Guangzhou under a joint venture with Guangzhou Jie Yin Daily Use Chemicals Factory, the province's leading toothpaste producer, and a local development corporation.

Initial production will be from the Chinese company's existing plant but Colgate said it planned eventually to build a new factory.

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EASTERN ELECTRICITY PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1991.

Statement by the Chairman and Chief Executive Dr. James Smith Our profit for the first six months is in line with expectations. The growth achieved in electricity distributed and the growing impact of our cost control measures, combined with the beneficial effects of our electricity contracts strategy expected in the second six months, reinforces our confidence in the full year's profitability.

Turnover: In the first six months, turnover was up £72.5m at £821.7m. The increase was better than expected and mainly resulted from an increase of 3.0% in the volume of electricity distributed. Our marketing strategy is centred on growing profitable unit sales through the efficient use of electricity. To this end we are in the process of restructuring our marketing and sales function so as to focus sales effort into the most profitable areas.

Profit: Our business has a seasonal bias and the profit for the first six months is not indicative of the year's results. In the first half of this financial year pre-tax profits were £15.4m against a pro forma £18.6m for the corresponding period last year. However, results in the second half year are expected to benefit from the effects of our electricity purchase

contracts and from the impact of our cost reduction initiatives. Dividend: In the light of these results and the Board's expectation of continuing profit growth, the directors have declared an interim dividend of 4.85p per share, against 4.33p net per share pro forma equivalent for last year. The interim dividend will be paid on 24 March 1992 to shareholders registered on 31 January 1992.

Electricity Purchases: A factor which will lead to an increase in the imbalance between this year's first and second half year profits is a

change to the portfolio of our electricity purchase contracts. To protect the Company from potential extremes of volatility within the electricity pool purchasing arrangements, the Company has taken steps to extend and restructure its portfolio of contracts. The effect of these new contracts has been to increase the proportion of costs incurred in the first six months. While this has an adverse effect on the interim profits, the contracts will reduce the high costs experienced at times of

high electricity demand in the winter period. Cost Savings: Close scrutiny of our distribution activity has achieved savings by improved working practices and by increasing productivity both within our Areas and at Headquarters. As a result, our staff numbers have been reduced by 2.5% over the last year. By redeploying our staff we have reduced our use of contractors within the

business and we have reduced the amount of overtime worked. Non-regulated businesses: The contribution to profit from our non-regulated activities is still small. Overall our strategy is to increase this contribution by concentrating on those businesses where we have skills, experience and resources. Our recently announced retail enterprise with Southern Electric demonstrates our determination to seek profit from a professionally managed, viable and competitive business with roots in our existing business.

Similarly, e gas Limited, our recently announced gas sales venture, is an area where our existing abilities can be easily applied to produce incremental profit.

Contracting, which is currently suffering in the prevailing economic climate, will be restructured to create a separate operating division in order to focus on becoming a 'stand alone' profit centre

Generation: Within electricity generating, construction of our plant at Peterborough is progressing both to time and cost. Other projects are at various stages of development but Eastern Electricity and Mobil have decided to review their partnership to build a 450 MW generating station at Coryton to generate electricity and provide steam for Mobil's refinery operations. We have not yet been successful in reconciling our separate objectives as regards control and financial return of the project. Mobil have told us that the project is still attractive to them in the context of their refinery operations and we would not intend to stand in their way in seeking another partner.

Structural Changes: We are re-shaping our overall organisation so

that the structure reflects the needs of efficient management activity. The decision has been made to fill the post of Development Director which lies vacant in the exisiting structure. The person appointed will be responsible for the development of non-regulated businesses in the group. Within the electricity business, the post of Area Manager is being removed and the Areas will be split functionally. The distribution engineering activities will report direct to the Engineering Director and the marketing and sales activities will report direct to the Marketing Director. This change will allow sharper focus by senior management on our core activity of distributing and supplying electricity.

In conclusion, I am confident that the policy of growth in sales and the management of cost will show through positively in our full year's results.

Group historical cost results for the six Pro forma Pro forma (Note 3) (Note 3) (Audited) (Unaudited) 1990/91 £m £т 749.2 1,720.1 Operating profit Income from fixed asset investments (15.9)(19.4)106.4 Profit on ordinary activities before taxation (26.1)Profit on ordinary activities after taxation 80.3 Extraordinary items 72.8 Profit for the period (27.3) **Dividends** 45.5 (1.5)10.4 Profit retained Earnings per ordinary share 4.3p 5.2p 29.8p 4.85p 10.12p Dividend per ordinary share Actual Group historical cost balance sheet Actual Pro torma 30 Septembe 30 September 31 March 1991 1991 £m £m Fixed assets 721.2 Tangible assets 97.5 Investments 98.4 793.9 818.7 395.9 Current assets (289.5)Current liabilities 106.4 93.8 67.6 Net current assets 925.1 Total assets less current liabilities Debenture and bonds (unsecured) (200.0)Provisions (23.7) 650.3 701.4 Capital and reserves Called up share capital 565.0 566.5 701.4 650.3

41.6% 38.1% Gearing 1 Basis of preparation: The loterum results for the six months ended 30 September 1991, which were unaudited, have been prepared on the basis of the accounting policies for the year ended 31 March 1991.

alion contained in this interim statement does not amount to statutory accounts within The meaning of Section 240 of the Companies Act 1985.

The meaning of Section 240 of the Companies Act 1985.

The meaning for this wast ended 31 March 1991 are abridged from the full accounts for that year, which o

au nudnajities andutes, usbout and have peau dejinated to the tipe teams for the heat studed 31 waster 1991 are smarted		iat year, which contain
2 Current cost adjustments	1991 Em	1990 €≈
Historical cost profit on ordinary activities before taxation	154	18.5
Current cost adjustments		
Depreciation	(22.2)	(224)
Cost of sales	(0.3)	10.31
Mosetary working capital	(4.4)	(6.3)
Gearing	3.6	5.7
	(23 3)	(23 3)
Current cost loss on ordinary activities before taxation	(7 9)	(4.7)

3 Comparative figures: The comparative figures for last year are on a pro forma basis as if the new capital structure had been in place sonce I April 1990. The pro formal figures incorporate an adjustment to interest of £17.Jps for the six months ended 30 September 1990 and an adjustment to interest of £24.2m for the year

1990/91 logether with a related (as credit of C8.2m 4. The National Grid Holding pic: Included within prolit before taxation is \$6.3m interior dividend recessable from The National God Holding ptc. (1990 interior £5.8m and final £17.4m). 5 Taxation: Taxation for the six months ended 30 September 1991 has been provided on the basis of the estimated effective tax rate for the year ending 31 March 1992. Taxalism for the six months ended 30 September 1990 has been calculated using the pro forma effective tax rate for the year ended 31 March 1991.

6 Extraordinary Items: Extraordinary Items comprise privatisation costs incurred in the six months ended 30



Copies of this announcement can be obtained from the Company Secretary, Eastern Electricity plc, Wherstead Park, P.O. Box 40, Wherstead, Ipswich, Suffolk IP9 2AQ. For shareholder enquiries please ring 0345 959697.

Net debt

USS West Virginia ablaze after the Japanese raid on Pearl Harbour

Japan shrugs off worries over war guilt

much of the establishment had either supported or tolerated the wartime military rulers. But with the onset of the Cold War, opposing communism became more important so the purges were cut short and many of those purged were rehabilitated. The theory grew

that responsibility for the war lay only with a narrow band of military leaders, not with the wider political community, let alone the country as a whole. In the late 1950s, Mr Nobo-

suke Kishi, a wartime minister whose duties had included the

whose duties had included the supervision of forced labour, became leader of the ruling Liberal Democratic party and prime minister. Professor Yul says Mr Kishi's return made it impossible for subsequent LDP administrations to condemn the rest

emn the past. But the crucial decision of the

Fifty years after Pearl Harbour, Stefan Wagstyl finds the whitewash is wearing thin in parts

R Takeo Yamauchi, a vet-eran of one of the bloodi-est battles of the second world war, kept his memories inside him for nearly 40 years. When he finally started talking in the mid-1980s about his experiences on the Pacific Island of Saipan his friends tried to ignore him. "On the surface they were sympathetic. But they wished I would stay quiet."

Today, on the eve of the 50th anniversary of the attack on Pearl Harbour, Mr Yamauchi is one of a handful of Japanese actively cam-paigning for a fuller understanding of the war in Japan. But he says
that even in his organisation - called veterans against war
- there are people who would prefer
not to discuss sensitive matters such as the question of Japan's responsibility. "They are like so many Japanese. They say they want peace. But to have peace we must first understand the last war."

No nation is further removed from fully coming to terms with its war-time past than Japan. The failure haunts the country - it colours relations with the US and with Asian nations which suffered under Japanese occupation; it occasionally prompts accusations that Japan's post-1945 economic expansion has been the continuation of war by other means; and it also accounts for the passion aroused by a govern-ment plan, now before the Diet, to despatch combat troops overseas for the first time since the war - albeit to serve in United Nations peace-

In Germany political leaders have

accepted the nation's responsibility for the crimes of the Nazis in heart-rending terms. But in Japan, the force of official expressions of regret is repeatedly undermined by subsequent engineering. quent equivocations.

For example, this summer Emperor Akihito toured Asia with Emperor Akihito toured Asia with the purpose of improving relations and delivering personal apologies for Japan's wartime acts. But soon after he returned, Mr Nobuo Ishi-hara, the deputy cabinet secretary, said it would take "decades or even centuries before the right judgment was delivered on who is responsible for the war."

he government's official posi-tion is that the war is to be regretted; Pearl Harbour was a reckless act; Japanese troops caused severe damage in China, Korea and other countries for which, says the government, Japan has rightly apologised and paid

compensation.

But, unlike Bonn, Tokyo has never admitted it fought a war of

It has also been less than fulsome in cataloguing individual atrocities. Information about the activities of Unit 731, the Imperial army's unit for germ warfare experiments, became public only in the 1980s. Dossiers on the exploitation of Chinese and Korean forced labour-ers are among scores of official doc-uments still hidden in vaults in ministry buildings, sealed for rea-sons of "national security" and "protecting personal privacy". Pro-fessor Daizaburo Yui, a historian,

occupation authorities was to drop early plans to charge Emperor Hirohito for war crimes. Because pre-war Japanese nationalism had been so completely identified with loyalty to the Emperor, absolving the emperor also meant absolving the whole nation. If the Emperor had not done wrong, nor had those who had acted in his name. As a senior Ministry of Foreign Affairs

official says: "The emperor is at the heart of everything to do with the war. If we start to really examine the war we have to examine the role of the emperor. For the government that is still impossible."

This also impossible for the Ministrates says scholars do not even know what documents are hidden away. There are understandable historical reasons why Japan has never been forced to confront its past as Germany was. In the first phase of the US occupation, the American authorities wanted to carry out a comprehensive purge of govern-ment and business in the belief that much of the establishment had

ment that is still impossible."

It is also impossible for the Ministry of Education, which, as in some European states, has strict control of the school curriculum including the choice of text-books. The ministry has often been accused of whitewashing Japan's wartime history – not just by scholars but by the Chinese and South Korean governments.

ments.

In recent years, it has allowed textbooks to give more information about the war, including details of the Nanking massacre in 1937 and a (short) reference to Unit 731. However, Professor Saburo Ienaga, a text-book writer who has battled with the ministry since 1963 over revisions to his work, says there are still taboo subjects. still taboo subjects.

ne is a full account of the battle of Okinawa in which civilians were forced by Japanese soldiers to commit suicide rather than be captured by the Americans. The other concerns Emperor Hirohito. Professor lengage says he smalld not even try mon-Emperor Hirohito. Professor lenaga says he would not even try mentioning in a text-book that the allies considered – and rejected – putting the Emperor before the war crimes tribunal. For their part, ministry officials say they have to ensure text-books are "non-controversial and reflect the views of the majority of people". majority of people".

Japanese views of responsibility

for the war are also deeply affected

Wh

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westerners.

Given these deeply-held views it is possible to see why post-war generations of Japanese have not challenged their parents as did young Germans in the 1960s and 1970s. But, very slowly, attitudes may be changing. Emperor Akihito has said more about the war than his father ever did. The Education Ministry is becoming more open minded in its assessments of history. The mayors of Hiroshima and Nagasaki have

Japan's war, passed almost unmarked

Australian GDP slips 0.3% | HK talks end despite interest rate cuts

By Kevin Brown in Sydney

AUSTRALIA'S Labor setback yesterday with the release of figures showing that gross domestic product eclined by 0.3 per cent in the three months to September.

The announcement came only a few hours after Mr John Kerin, the treasurer (finance minister), declared that the economy had emerged from a recession which began in mid-The unexpected weakness of

the economy will increase pres-sure from business and trade union organisations for a further cut in official interest rates, which have fallen by 9.5 percentage points since peaking at 18 per cent in early 1990. It will also damage the economic credibility of the governstrong attack from the conservative Liberal-National party coalition.
The government's statistical

service said the main causes of the cut in GDP were an unexpectedly large rundown in stocks, and the effects on farm production of severe drought in the eastern states.

The income-based measure of GDP, the most widely used indicator, has now been nega-tive or flat for six consecutive

The latest quarter of negative growth makes 1990-91 the longest recession since the second world war, although the contraction in GDP has been less severe than during the last recession in 1981-82.

Mr Kerin, who was clearly surprised by the figures, said that the rundown in

by Treasury forecasters. However, the government took some comfort from a rise of 0.8 per cent in private consumption, which it claimed supported its contention that a

recovery is under way. Economists were surprised by the figures, but most said the rebuilding of stocks was likely to contribute to renewed growth in the three months to the end of December.

They expect the Reserve Bank to respond to the economic indicators by cutting interest rates by a full percentage point in late December or early Janu-

A cut in rates would also have political attractions for the government, which trailed the opposition coalition by 10 percentage points in the latest Morgan Gallup opinion poll published earlier this week.

Canberra braced for protests over Timor Sea oil permits

AUSTRALIA is preparing for an angry response from human rights organisations to plans to sue permits for oil exploration in an area of the Timor Sea which is jointly controlled with Indonesia.

The Australian government said yesterday the signing cere-mony would take place next week, in spite of widespread public anger over the deaths of at least 19 East Timorese in an three weeks ago. However, the government

refused to say where the ceremony would take place, apparently for fear of provoking demonstrations by East Timorese exiles and local sympath-isers. Ministers are thought to have dropped plans to hold the ceremony in Darwin, the nearest Australian city to the ued demonstrations outside the Indonesian consulate.

Protesters are likely to be angered by both the timing and the high-level nature of the ceremony, which will be attended by Senator Gareth Evans, the Australian foreign minister, Mr Ali Alatas, Indon-

By Patti Waldmeir in Johannesburg

MR JOE SLOVO, the general secretary of the South African Communist Party, yesterday praised Lenin and the Soviet

communist revolution, but urged his party towards more

moderate socialism involving multi-party democracy and protection for private property. The slogans of another age

- "Viva Lenin! Viva the Octo-ber Revolution" - rang through the hall where 600 del-

egates gathered for the party's first legal congress inside South Africa for more than 40

years.
Despite militant rhetoric, delivered from beneath a giant red banner proclaiming "the future is socialism," Mr Slovo

made clear that socialism was a distant goal.

in the meantime, the party would concentrate on helping

the African National Congress (ANC), its close ally, to eradi-

Slovo urges moderation

on S African communists

countries.

Australian human rights organisations say up to 100 people died when Indonesian troops fired on independence demonstrators on November 12 in Dili, capital of East Timor, a former Portuguese colony annexed by Jakarta in 1975.

Indonesia says its troops killed only 19 people after being provoked by members of Fretilin, a small guerrilla group which has waged a 16-year fight for independence. The strong public reaction to

the killings has posed a diplo-matic problem for Canberra, which has called for a full inquiry, but has resisted pres-sure to cancel forthcoming ministerial visits to Indonesia.

The government is also unwilling to take any action which would imperll a 1989 treaty with Indonesia which divided the Timor Gap - a disputed area of the Timor Sea into Australian, Indonesian and jointly controlled zones. The treaty established a min-

isterial council and a joint sec-

senior ANC leader, is to quit as the South African Communist

Party's leader to devote his energies to the ANC.

Mr Slovo argues that the solution is to democratise socialism, and strip it of authoritarianism.

Yesterday he sought

commitment to basic liberal values such as a multi-party

political system with regular free elections, guarantees for

linguistic, cultural and reli-

iniguistic, cultural and reli-gious rights of minorities and protection of "all personal non-exploitative property and such other private property as may be necessary for effective eco-nomic development and growth."

He rejected "commandist

bureaucratic control" of the economy but said categorically that he favoured a "consider-

able degree of state interven-tion" in the economy, includ-

esia's foreign minister, and the resources ministers of both award of exploration licences in the joint zone.

About a dozen companies are likely to be awarded permits, including BHP. Woodside Petroleum and Santos from Australia, Royal Dutch/Shell and Phillips from Europe, and Chevron from the US.

Early exploration indicated that the zone could contain up to 5bn barrels of oil, but estimates have been revised sharply downwards recently following the release of more comprehensive seismic data.

Two exploration permits have been issued in the Australian zone, to consortia led by MIM, the Queensland-based mining group, and Petroz, a subsidiary of AGL, the gas pro-ducer. The deep water indone-sian zone has been only lightly explored.

The Timor Sea treaty is regarded as illegal by Portugal, which is challenging Indonesian sovereignty over East Timor in the International Court of Justice at The Hague. The Portuguese claim is rejected by Australia and Indonesia.

with limited agreement

By Angus Foster in Hong Kong

BRITISH and Chinese officials yesterday finished three days of talks on Hong Kong Issues, including citizenship, military land and the electricity franchise of China Light and Power. But the talks were overshadowed by controversy concerning the colony's pro-posed court of final appeal. The meeting did reach

agreement on extending China Light and Power's franchise for 15 years from 1993, but made no progress on the sub-jects of Hong Kong's military lands and right of abode for non-Chinese after 1997.

Britain, China and the Hong Kong government have agreed on the structure of the court of appeal and said it cannot be changed. But on Wednesday, Hong Kong's Legislative Coun-cil, the colonial parliament, overwhelmingly called for the court to be renegotiated, claiming the structure compro-mised the court's indepen-dence and standing.

China has accused Britain of comparing with Hong Kong leaders to try to renegotiate the court, which is to replace the Privy Council in London. The row has threatened to disrupt improvements in Sino-British relations since the visit to China of Mr John Major, the British prime minister.

The talks took place at the 21st meeting of the Sino-British joint lialson group, which is overseeing details of Hong Kong's 1997 return to Chinese sovereignty. Mr Anthony Gals-worthy, senior British representative, conceded that he had hoped progress could be

China also complained about moves within the Legislative Council to set up a formal committee system to oversee bills. China has never recog-nised the council, which it descibes as a "colonial servant," and is worried it is seeking an executive as well as legislative

role before 1997. The Hong Kong government is trying to limit damage from its Wednesday defeat over the court of final appeal. Govern-ment leaders have stressed the court cannot be renegotiated but the court cannot be estab lished without Legislative Council approval, raising the prospect of a delay in its setting up, possibly until 1997.

year as a whole.

Net outflows on the capital

account are also down, to R100m in the third quarter from R2.1bn the previous quar-ter. The bank said this perfor-mance, helped by an inflow of

largely short-term funds, indi-cated normalisation of South

cated normalisation of South Africa's financial relations. Boosting the economy is a fiscal policy stance more expansionary than expected. The deficit, as a ratio of gross domestic product, was 5.3 per cent in the first half of fiscal 1991-92, the result of spending moderately higher than budgeted and revenues considera-

geted and revenues considerably down.

Despite the mildness of the economic downturn, however, the bank says the effect on unemployment is the worst of any cyclical downswing for 20

Economic prospects 'set

THE outlook for the South in the third quarter. A surplus of at least Rébn is likely for the

to improve next year'

By Philip Gawith in Johannesburg

African economy has improved and it should record small

positive real growth in 1992, the Reserve Bank said

yesterday in its quarterly bul-

product of a continued good export performance, substan-

tially improved financial rela-tions with the rest of the world

and the current low level of inventories. The bank noted,

however, that the gradual downswing in economic activity had deepened further in the four months to October.

Merchandise exports rose by nearly 24 per cent between the

beginning of the downturn in the first quarter of 1989 to the third quarter of 1991. This has helped boost the current

account of the balance of payments which recorded a sea-

sonally adjusted and annualised surplus of R9.7bn (£1.96bn)

The improved outlook is the



Saad Mujber, Libya's ambassador to France, insisting in Paris yesterday that Libya remains in confrontation with the UK and US over Lockerhie

Arabs back Libya over bombing

By Tony Walker in Cairo

THE 21-member Arab League yesterday backed Libya in its row with the west over the bombing of a Pan Am jet over Lockerbie, Scotland, and called on the UN to join it in investigating allegations Libyan appears barre responsible.

gating allegations Lioyan agents were responsible.

The League, which is based in Cairo and is the leading organisation of Arab states, expressed "solidarity with sisterly Libya and praised its positive approach to unveil the facts surrounding this regretta-ble incident." Arab representatives unani-

mously endorsed the statement just hours after Mr Douglas Hogg, a British Foreign Office minister, had appealed to the League's secretary general for help in bringing to justice those responsible for the Lock-erbie disaster in which 270 peo-nle died

he died.

Mr Hogg, in meeting the secretary general. Dr Esmat Abdel Meguid, had rejected a proposal that two Libyan intelligence officers accused of the bombing should stand trial in an interpretimed court. an international court. He said this was not feasible,

arguing that forming such a court for every terrorist opera-tion would not eliminate terrorism, but would in fact strengthen it.

strengthen it.

The Arab League called on Britain and the US to avoid economic or military actions against Libya. Mr Hogg said he was delighted at promises by Libyan leader Colonel Muammar Gadaffi that his country would "break off ties with groups which were described in the past as liberation movements but have turned into terrorist movements".

Kurds flee after new Iraqi attacks

By Frances Williams in Geneva

MORE than 200,000 Kurds have MORE than 200,000 Kurds have fled their homes in northern fraq over the past six weeks because of shelling and intimidation by the fraqi military, the United Nations High Commission for Refugees (UNRICR) said yesterday.

Mr Carroll Faubert, the UNHCR's emergency coordinates

UNHCR's emergency co-ordina-tor in Iraq, said in Geneva that the new flood of refugees, which shows no sign of abat-ing, was seriously straining the agency's resources. The organisation is already caring for 500,000 Kurds unable to return

home, and completed its "win-

home, and completed its "winterisation" programme to provide shelter from freezing
weather only last month.

Mr Faubert said the UNHCR
would be seeking an extra
\$20m (£11.3m) for the coming
six months in a new UN appeal
for humanitarian aid in Iraq
expected before Christmas.
About half the new programs About half the new refugees had no adequate shelter, many living in flimsy makeshift

Field workers say stockpiles of food, blankets and tents are barely sufficient for the origi-

nal case-load and fuel shortages due to Baghdad's block-ade are hampering food deliv-eries to the newly displaced. They fear people may be driven again to the mountainous border areas where UNHCR has distribution centres but little accommodation.

The UNHCR says shelling of areas around Kelar, Kifri and Chamchamal in Sulemaniya Province has driven out nearly 141,000 people, while around Erbil another 60,000 have left after being ordered out by Iraqi

for the war are also deeply affected by their own immense suffering, including the fire-bombing of Tokyo and the atomic bombs at Hiroshima and Nagasaki. Some 3m Japanese died in the war, a sufficient price, many Japanese believe, for their own nation's war atrocities.

However, such beliefs also reflect a reluctance to judge and to apportion blame. A strict separation of guilt and innocence is not so firmly embedded in Japanese religious traditions as it is in the west. Professor Yoichi Kibata, a historian, says Japanese recognise moral absolutes but attach less importance to them than westerners.

of Hiroshima and Nagasaki have started mentioning Japanese wartime acts – including Pearl Harbour – at their annual atom bomb commemoration days.

The 50th anniversary of Pearl Harbour has itself stimulated an enormous amount of writing and television reporting. However, this September the 60th anniversary of the Mukden Incident, which started Japan's invasion of China in 1931 and marked the true beginning of Japan's war, passed almost

Opposition breaks up in Kenya

By Michael Holman and Julian Ozanne in Nairobi

THE opposition coalition which led the campaign for a multi-party democracy in Kenya broke up into rival camps yesterday.

The two political parties that

have emerged - the Forum for the Restoration of Democracy (FORD) and the National Dem-ocratic Alliance (NDA) – reflect political and ethnic divisions that have their roots in pre-independence Kenya. Opponents of President Dan-

iel arap Moi and his ruling Kanu party will have to over-come tribal and personal rivalries in the multi-party election campaign effectively launched by Mr Moi this week. The first move came from Mr

Martin Shikuku, a former MP and one of the founders of FORD, originally created as an rord, originally created as an unofficial pressure group ear-lier this year. He announced that FORD, made up of law-yers, church leaders, business, men and politicians, would register as a legal political party.

Within hours his action was within hours his action was criticised by Mr Oginga Odinga, Kenya's former vice-president and a leading FORD supporter. Regretting the "disintegration" of FORD, Mr Odinga described how efforts to keep the coalition together had falled.

He denounced Mr Shikuku and two other FORD members who approximated the denous in

who announced the change in the pressure group's status as "self-seekers who do not believe in the democratic process." While Mr Shikuku has a considerable following, he also has a reputation as a political-

maverick.
Mr Odinga, however, was the main spokesman for a much broader opposition which includes leading members of the country's main ethnic groups who are expected to form the core of the National Democratic Alliance, which will be officially announced

Japanese groups deny Marcos illegal payments By Steven Butter in Tokyo

SEVEN Japanese companies yesterday denied accusations in Manila that they had paid \$54.8m (£31m) in illegal kickbacks to the family of Mr Ferdinand Marcos, the late Philippines president, in the 1970s:

The companies were named yesterday in a report issued by Mr Francisco Chavez, the Phillipine solicitor general. The report is based on investigations of the Marcos family's secret accounts in Swiss banks and is said to be based on doc-uments obtained from the

Companies named in the report include Missui, Missho Iwai, Marubeni, Toyo, Sakai Heavy Industries, Sumitomo, and Talkei Sakai and Taihei

and Tainel.

According to the allegations, the companies made secret payments to Marcos family bank accounts in Hong Kong and Switzerland in connection

and Switzerland in connection with projects financed by Japan's overseas economic co-operation fund and second world war reparations.

Several of the companies contacted yesterday said that similar charges had emerged earlier but that internal investigations had found them to be without substance. They were still awaiting details of these latest charges.

RDAY IN CHARGE

White House faces budget deal fight By George Graham and Michael Prowse in Washington THE BUSH administration is fighting to maintain the discipline of its hard-won budget agreement with Congress while finding a way to stimulate the sluggish

US economy. Senior officials yesterday opened the possibility of some relaxation of the budget agreement - which imposes tight curbs on tax cuts and spending increases - as part of the package of growth measures President George

Bush plans to announce next month. Mr Nicholas Brady, the treasury secretary, said Mr Bush planned to expand on measures such as a cut in the capital gains tax rate which the administration has urged for the last year. However Mr Michael Boskin, chair-

man of the council of economic advis-ers, said he hoped any package could

By Leslie Crawford in Santiago

MORE than 3,400 steal workers are on the fifth week of a strike that has shut down Huachi-

pato, Chile's only iron and steel mill, and forced the coun-

The strike at Huachipato has

become the longest and most deeply entrenched dispute in a

try to import steel.

maintain as much as possible of the discipline of the budget agreement negotiated between the administration and Congress.

Mr Brady and Mr Boskin were speaking, along with Mr Richard Darman of the Office of Management and Budget. to the House of Representatives' ways and means committee, which controls taxation. The committee was hearing competing proposals for cutting taxes

to boost economic activity.

While the administration and Republican congressmen have favoured cut-ting the capital gains tax rate as a way of encouraging business investment. Democrats have concentrated on income tax credits to put more money in the pockets of middle-income fami-

Steel strike hits Chile as unions flex muscles

week to prolong the stoppage after rejecting the company's latest pay offer of a 1.5 per cent

real wage increase and a no-strike bonus of \$400.

Chile. The talks, he says, are stalled, but the union is anx-

ious to reach a settlement

before Christmas. CAP, however, says it cannot

"It's high time that CAP began investing in its work-ers." says Mr Juan Aliaga, a union leader at the steel mill near Concepcion in southern

Mr Dan Rostenkowski, the Chicago Democrat who chairs the ways and means committee, urged his colleagues to avoid turning the public hearings into a political circus.

"That's not what these hearings are about. We certainly do not want to start another bidding war," he said.
Several Democratic congressmen.

nevertheless, leapt into battle, attacking the administration's capital gains proposal as an unfair gift to the rich. Mr Brady said any tax package must concentrate on measures to stimulate overall growth, not on redistributing income among different segments of the population. He ruled out tax increases, and warned against any fiscal package which could result in higher interest rates by frightening the financial mar-

across-the-board pay rise that would increase the wage bill

by 10 per cent. The strike

comes at a difficult moment for the company, which has seen

profits plummet because of depressed steel prices. CAP is also in the midst of a \$900m

The Huachipato dispute

nocratic environment. Presi-

reflects the growing militancy of trade unions in Chile's new

dent Patricio Aylwin's govern-ment has restored labour

rights suppressed under mili-

expansion plan.

kets into believing the budget deficit would be allowed to run further out of control

Mr Darman said the administration was interested in tax cuts designed to provide relief for middle-income Americans, but faced the "hard constraint" of preserving budgetary disci-

Neither Mr Brady nor his colleagues gave any detail of the additional economic measures that Mr Bush has said he would announce in his State of the Union address next month.

Officials have, however, been examin-ing heavy cuts in the defence budget to pay for greater domestic spending, as well as means-testing to restrict the payment of social security entitlements to wealthy Americans.

tary rule, and unions are using their recent freedom to test

In the fast-growing sectors of

the economy, such as telecom-

munications, employees have won large pay increases with-

out recourse to stoppages. But in the public sector, the

government is only adjusting wages in line with inflation.

Copper workers also failed to

coax more money out of Codelco, the state copper cor-

poration, despite strikes in

July and August.

S&L chief convicted of fraud

MR Charles Keating (right), a key figure in the US savings and loan (S&L) scandal, has been convicted on 17 counts of defrauding investors of millions of dollars through the sale of worthless junk bonds. Reuter reports from Los Angeles.

Mr Keating, an anti-pornog-raphy crusader known for his expensive lifestyle, faces a sentence of up to 10 years in prison, although under California guidelines he would serve only five.

The jury pronounced him guilty late on Wednesday on 17 of 18 counts of fraud after a two-month trial. His attorney indicated he would appeal.

The failure of Mr Keating's bank, the Lincoln Savings & Loan Association, is expected to cost US taxpayers \$2.6bn, making it the most costly closure of a savings and loan in US history.

As many as 25,000 bond buyers lost an estimated \$250m when Lincoln's parent com-pany, American Continental, filed for bankruptcy. Lincoln, which Mr Keating ran, was seized by federal regulators

shortly afterwards.
Mr Keating, who became a symbol of the collapse of savings and loans, had been charged with defrauding



depositors by encouraging them to buy American Continental junk bonds.

Mr Keating told his sales staff to seek out "the weak, the meek and the elderly", an According to prosecutors,

private-sector company since Chile's return to democracy in March 1990. It follows a rash of stake. Huachipato's steel accounts for half of the group's strikes that began at the state-\$600m-a-year revenues. CAP owned copper mines in July and spread to the health and estimates it is losing \$60,000 a day as a result of the strike. The steel workers voted this teaching professions and the Brazil keeps its faith in

privatisation T BEGAN with teargas and riots outside the Rio stock exchange, several post-ponements and 27 legal chal-

lenges. But Brazil's privatisa-tion programme is finally under way. Since October, the govern-ment has sold Usiminas, Latin America's largest steel mill, Cosinor, a loss-making steel mill, Celma, an aircraft maintenance company, and Mafersa, a loss-making railway and underground train producer.

Another 23 companies are to be auctioned by the end of next year with the aim of raising \$18bn. President Fernando Collor's 20-month-old government is declaring the programme its

However, the benefits may be more psychological than financial, raising the governits fiscal balance. Of \$1.69bn raised so far, only

\$125 was actual money - in fact, cruzados seized by the Collor government last year when it froze 80 per cent of savings as part of its shock economic plan.

The rest consists mostly of

domestic debt instruments, which are known locally as 'rotten money", have almost no secondary market and, creditors thought, would never be

Brazilian banks and pension funds, which have in the past been forced to take on federal government debt, and construction companies owed money for public sector projects are using the opportunity to offload the debt at par in return for shares in a privatised company.

The first sale (75 per cent of Usiminas) raised \$1.15bn. Of that, 45 per cent was in Sider-bras debentures – debts owed by the holding company for state steel mills. Siderbras was liquidated last year owing sev-eral billion dollars.

Another 18.5 per cent consisted of matured government debt. A further 17.3 per cent was made up of National Development Fund Titles (OFNDs) – shares that financial institutions were forced to cial institutions were forced to buy in 1986 in a mutual fund of state companies which never became operational. Privatisa-tion certificates (CPs), which banks were forced to buy but which are worth only about 20 per cent of face value on the secondary market, made up 15.8 per cent more.

Andrade Gutierrez, a construction company, bought 21.4 per cent of Celma using gov-ernment-accrued debt. The Cosinor sale represented a loss for the government, which had to forgive debt of \$100m in Mafersa, the government par-doned \$38m to raise \$50.8m, more than half of which was in OFNDs and the rest in Siderbras debentures. However, while the fiscal benefits may be less than obvious, the programme is achieving an impor-tant objective in lessening the role of the state. After the Usiminas sale, a relieved Mr Eduardo Modiano, head of the programme, said: "This is Brazil's first step towards modernisation." Next year, the government plans to sell all its steel, fertiliser and petrochemical

companies. Moreover, the programme should over the long-term generate considerable fiscal

Mr Sergio Zendron, a direc-

reduce debt rather than bring in new money which would have an inflationary impact. The sales so far represent a

state railways.

Huachtpato belongs to Com-pania de Aceros del Pacifico (CAP), a mining, steel and for-estry group that ranks among

the five largest private-sector holdings in Chile. Mr Stephan

Schmidheiny, the Swiss entre-preneur, is CAP's biggest

shareholder, with a 30 per cent

Privatisations are boosting the government's credibility rather than fiscal balance, writes Christina Lamb

reduction in the stock of debt and considerable saving in

Mr Joel Korn, president of lank of America in Brazil, says that "the programme should be viewed less in terms of revenue enhancement and more in terms of savings on expenses. There may be no immediate fiscal reflection but it will be really important beyond 1992."

Just two months ago, the programme, already delayed from June 1990, seemed doomed. The Usiminas auction, set for September 24, was can-celled minutes before it was due to begin, because of a flurry of legal actions banning the use of debt and militants blockading the stock exchange. The sale finally took place on October 24, but only after a congressional enabling vote the night before. Some 80 protestors were injured.

₹ he confusion, not surprisingly, had repercussions in the outside world and Mr Zendron admits that the most depressing part of the programme has been the lack of foreign interest. For-eigners have also been deterred by Brazil's continuing recession, economic instability, and high inflation.

Bankers say that, rather than convert debt into shares at a 25 per cent discount, they prefer to hold on for a compre-hensive renegotiation of Brazil's foreign debt early next

year.

Talks are under way with Brazil's commercial bank creditors this week in New York.

Despite Mr Modiano's roadshow through Europe, Japan and the US, and \$35bn available in matured foreign debt (DFAs), foreign participation has been minimal and the price of DFAs has dropped from 40 cents to 25 cents since

mid-September. The only foreign involvement has been the 5.9 per cent of Usiminas shares bought by Nippon Steel, and General Electric's 11.2 per cent stake in Celma. Moreover, this lack of interest has depressed prices. Nevertheless, Mr Zendron

maintains that the situation will soon change. "Lack of credibility is reverting and people are beginning to believe in the sales," he said. He gets some support from analysts. who say that foreigners will find the petrochemical sector, which goes on sale next year more attractive. It is in areas such as this

that the real test to Brazil's commitment to privatisation will come, especially as it starts involving services and the nation's sacred cows, like Petrobras, the state oil monopoly, for which constitutional

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NOTICE IS HEREBY GIVEN, pursuant to Section 49(2) of the insolvency Act 1998, that a meeting of the unsecured creditors of the above named company will be held at:
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committee to exercine the functions con-terred on creditors' committees by or under the Act.
Creditors are only entitled to vote it:
(a) they have delivered to us at the address shown below, no later than moon on 18. December 1991, written details of the debts they claim to be due to them from the com-pany, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1998; and (b) there has been todged with us any proxy which the creditor intends to be used on his or her behalf.

which the creditor intends to be used on bis or her behalf. Please note that the original proxy signed by or on behalf of the creditor must be ledged at the address mentioned; photocopies (including tased copies) are not ecceptable. Dated this 26 day of November 1997.

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UK NEWS

Diplomatic bags are taken to the prison cleaners

THE government yesterday admitted that a quantity of bags containing Canadian dip-lomatic mall had been accidentally sent to a prison laundry. Mr Mark Lennox-Boyd, a foreign office minister, had the hapless task of telling MPs in the House of Commons that Wandsworth prison in south London had received the misdirected mail along with a rou-tine laundry delivery. The prison holds, it tran-

spires, a long-term contract to clean the Foreign Office's dip-lomatic pouches. But the House of Lords was later assured that it would not happen again in future bags would be turned inside out as a precessition

Mr Lennox-Boyd said: "We learned some days ago that bags containing Canadian dip-lomatic mail had been discov"Steps were immediately taken to recover the diplomatic mail and to investigate the incident." The Canadian High Commission was "perfectly sat-isfied" with the outcome of the

preliminary investigation. But Mr Gerald Kaufman, Labour's spokesman on foreign affairs, said the government should "come clean" over the incident: "Is it true that an interval of several days elapsed

BRITAIN'S opposition Labour party yesterday expelled Mr Terry Fields, the left-wing Mer-

that he was a member of Mili-tant, the Trotskyist splinter

group banned by the party.

Mr Fields, who represents
the constituency of Liverpool

Broad Green in north west England, learned of the deci-

sion at a meeting of Labour's disciplinary national constitutional committee in Kirby.

Merseyside. In July, Mr Fields was sen-

tenced to 60 days in Liverpool's Walton jail for failing to pay his poll tax bill of £373. An

appeal against the sentence failed and he served 58 days in prison, pledging on his release to continue his campaign.

Mr David Nellist, the Labour

MP for Coventry South East,

de MP, amid allegations

search? How much material is still missing...how much of this material, missing or retrieved, is sensitive mate-

Labour attempted to use the incident to increase pressure on Mr Kenneth Baker, the embattled home secretary, maintaining that Mr Baker and not "the most junior available minister in another department" should have answered

Labour expels Liverpool MP

Mr Gerald Kaufman, shadow foreign secretary, also asked whether it was true that a whether it was true that a watch was among the mislaid material. "What guarantees can you provide that other metal objects cannot find their ways into prisons in the way this did and discrepar as this

this did, and disappear as this did, he asked.
Mr Lennox-Boyd insisted that it was a foreign office mat-ter and that the watch allega-tion was "news to me."

Lamont claims UK economy is heading for growth

By Ivor Owen and

IN SPITE of some "mixed IN SPITE of some "mixed signals" there were good reasons for believing that economic growth would gather momentum over the coming months, Mr Norman Lamont, the chancellor of the exchemental the chancellor of the exchemental the chancel or some statement of the sechement of the

mons last night. He cited the rise in "real incomes" and the prospect of increased consumer spending as the full impact of lower interest rates fed through in countering renewed charges by Labour leaders that the severe and continuing recession was damaging all parts of

Mr John Smith, Labour's finance spokesman, criticised the "wait and see attitude"

that the government had sub-stituted for "a policy of recov-ery from recession."

He maintained that the very heat that could be said of the present position was that the present position was that the

present position was tunt the country was "bumping along-the bottom of a deep and damaging recession."

Calling for an "investment led" recovery, Mr Smith urged the chancellor to reconsider capital allowances for manufacturing industry, together with tax incentives to aid

research and development.
He sald widespread opinion
in industry favoured such
changes, which would help British companies to compete against the Germans and oth-ers when the single European market came into being in

Earlier Mr Neil Kinnock, the Labour leader, said a claim by Mr John Major, the prime minlster, that the economy was moving back into growth showed that he "was not living in the real world".

The chancellor, however, accused Labour of trying to "talk down" the economy because it feared that the growing indications that recovery was under way would damage their electoral prospects. Mr Lamont acknowledged the frustration and impatience of businessmen who wanted to see demand picking up more quickly. He insisted: "It is simply not

normal for the British economy to move instantly from recession to speedy growth. Current conditions are exactly what one would expect to see at the turning point between recession and recovery."

Government to isolate rebels over EC union

By Philip Stephens, Political Editor

THE government has planned a powerful campaign to isolate Mrs Margaret Thatcher and other potential Conservative rebels if Mr John Major reaches a deal on European union at next week's Mass-

Mr Douglas Hurd, the foreign secretary, has indicated that the "whole persuasive authority" of the government will be thrown behind any accord in order to extract the maximum political advantage, Other senior ministers said yesterday they would move to crush a possible revolt among a handful of junior ministers. They are ready, if necessary, to shrug off the possible resignation of a up to four lower-rank-

lation that Mr Peter Lilley, the trade and industry secretary, might also consider quitting the government if Mr Major makes significant concessions to his European partners.
The government's tactics after Maastricht were discussed yesterday at a special session of the Cabinet. There

was agreement that by far the

Senior ministers, however,

are dismissive of recent specu-

Britain's European partners.

Ministers, however, have
contingency plans to respond quickly to any breakdown at the summit. Mr Douglas Hurd said in an interview with the FT earlier this week that the positive approach and clarity underlying Britain's stance would leave Mr Major in a strong position if he was forced to reject a deal.

Mr Hurd added that if, as he

best outcome was a deal with

hoped, the summit was successful the government would embark on a high profile cam-

to present the package as a The tactics would in part be designed to isolate in advance

those Conservative MPs - per-haps 20 or 25 and including Mrs Thatcher - who are expec ted to oppose almost any deal. One senior minister emphasised that any agreement would fall clearly within the guidelines of the position set out by Mr Major at the Maastricht summit - and on that basis the Government would be fully justified in demanding the support of its supporters at Westminster.

also faces possible expulsion from the party at a similar hearing tomorrow. The two MPs were suspended – prohibiting them from standing as Labour candidates – from the party in September when an inquiry was tember when an inquiry was started after Militant fielded its own candidate against the offi-cial Labour candidate in the Liverpool Walton by-election in July. In spite of demonstrations of support, the MPs were also barred from taking part in proceedings at the Labour party conference in Brighton. Militant opposes the centrist moves of the Labour leadership

Terry Fields in defiant mood yesterday

Nissan and Fiat suffer from slump in new vehicle sales

and advocates policies abandoned by party moderates.

By Kevin Done, Motor Industry Correspondent

NISSAN of Japan and Fiat of Italy have been the biggest victims of the slump in new vehicle sales in the UK, according to industry figures released yesterday.

Nissan, whose sales have been depressed by the impact of its long-running battle with its privately-owned Disting impacts of the property of t British importer/distributor Nissan UK, suffered a 40 per cent fall in its sales volume in the first 11 months.

The Flat group, which holds second place in the western European new car in November, as the recession in the

market with a share of around 12.7 per cent, has captured only 2.5 per cent of the UK new car market in the first 11 months this year compared with a share of 3.1 per cent a year ago.
Fiat's sales volume has plunged by
\$6.2 per cent reflecting a 37.1 per cent
drop in sales of Fiat cars, a fall of 50.3

per cent in Lancia and 14.6 per cent for Alfa Romeo.

motor industry, now in its third year, fallen by 29.5 per cent to 197,733. showed little sign of easing. New car sales fell 14.4 per cent in November to 100,608 from 117,499 in the same month a year ago, the lowest November total since 1980. Such car sales last month were a third below the

level of November 1988. Sales of new commercial vehicles also fell. They plunged last month by 31.6 per cent to 13,814. New commercial vehicle sales in the first 11 months have

According to figures released by the Society of Motor Manufacturers and Traders, new car sales in the first 11 months of the year at 1,534,052 were 21.2 per cent lower than in the correspond-ing period a year ago.

The Peugeot group of France, which includes Citroen, has emerged as the main winner helped by the growing popularity of diesel-powered cars, where it is the market leader.

The corporate sporting life finds food for thought

Entertaining at major events remains a good way to impress clients writes Michael Skapinker

HILE English football clubs Tottenham Hot-spur were beating Nottingham Forest to take the FA Cup last May, the spies from Egon Ronay were up in the corporate hospitality boxes at Wembley, sampling the food. The cold lobster was sweettasting and firm but the potatoes were hard and the vegeta-

bles lacklustre, said the inspec-At the Wimbledon tennis tournament a month later, the lamb cutlets were found to be tender and succulent and the

mango sorbet excellent. Good food can be found in the corporate hospitality tents at Britain's big sporting events but it is more often "dull and lacking imagination", according to Egon Ronay's 1992 botel

and restaurant guide.

The guide, published this week, includes a special investigation of what sports-goers receive when they or their hosts pay £175 for a day's cricket at Lord's in north London or £550 for a warm and comfortable seat at the FA Cup

Companies told Egon Ronay they were tending to entertain top customers only, which, Egon Ronay said, appeared to have led to a decline in

drunken behaviour . . . apart from a few executives at Lord's.

The service at the events was usually competent, with catering colleges providing most of the staff. An exception was the wobbly waiter at the was the wobbly waiter at the Epsom Derby horse race whose every approach "caused a ripple of tension and the expectation of a large laundry hill".

In spite of the drawbacks, the Egon Ronay guide thought being invited to one of the events of the British sporting season remained a good way to impress clients particularly

impress clients, particularly

those from overseas.

Ms Shelagh Lester-Smith,
the UK-based European corporate communications director at Motorola, the US electronics group, agreed with Egon Ronay that pomp and circumstance could make up for indifferent catering: "Americans adore coming to Ascot. When they've seen the Queen bowling along in one of the carriages, the last thing they care about is the food." At the Tour de France, on the other hand, which Moto-rola sponsors, the food is as

impressive as the atmosphere.
Sponsors provide hospitality
at the beginning and end of

each day's racing, allowing



Hospitality services at events such as Wimbledon (above) still attract corporate backing

each region along the route to show off its cuisine. "We had excellent food in tiny, two-bit hotels, which tells you all you need to know about

the difference between French and British catering," Ms Lester-Smith said.

ing Group, said service was a bigger shortcoming than food at UK events. "The food tends to be three-star-plus standard. The quality Mr Bill Williams, an associate director of the PA Consulton the catering company you use; it depends on the staff that happen to be available that day. They're temporary staff that come from a rather large pool."

Mr Roger de Pilkyngton, sales director of Payne and Gunter, described by Egon Ronay as the best caterer at sporting events, said clients' expectations have changed

over the years.
"At one time, a pie and a pint in the middle of a field were considered to be enough. Now some people sit in the middle of a field and think they're at Le Gavroche. People pay £150 and they think that's £150 for their lunch. They for-

2130 for their lunch. They forget people have to put up marquees and loos."

Toilets were a sore point for the Egon Ronay spies. "There were endless queues for the 'superloo Portakabins', particularly at Queen's Club, Wimbledon and the Chelsea Flower Show where the ladies suffered.

Show where the ladies suffered most," the guide said.
The Chelsea Flower Show did get high marks, however, for reacting swiftly when the ladies' loo flooded.
"Everyone used the gents with an official on guard," the

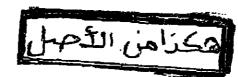


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boats no longer foul the seawater thanks to Shell's new biodegradable marine engine oil.

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Where do you find vast wheat fields with perfect water-skiing?

Legal decision threatens TV franchise plans

ONE of Britain's leading television companies yesterday won the right to challenge the decision of the Independent Television Commission (ITC) not to renew its franchise - its licence to broadcast programmes - raising the pros-pect of action by other losers in last October's TV auction.

TSW Broadcasting, which covers south west England. received Court of Appeal back-ing for an application to seek judicial review of the ITC's decision, reversing a ruling in the High Court that the arguments of the television com-pany, which was the highest bidder in the region, were "doomed to inevitable failure". TSW took action against the

ITC following the auction of franchises earlier this year in which the commission awarded commercial television licences for 15 regions around the UK. Under the terms of the auction the franchises were awarded to the highest bidder unless there were exceptional circumstances reflecting FTC concerns at the bidder's broadcasting

Other companies which failed to win franchises -

and CPV-TV, the consortium backed by Mr Richard Branson and Mr David Frost - all said they were encouraged by yesterday's decision and were con-

sidering what action to take.

The presiding judge at yesterday's hearing said that overturning the ITC's decision could force the commission to invite new bids for the frankies new bids for the frankies. chise, which was won by Westcountry Television. The bids might have to be open to other parties apart from TSW and Westcountry, he added.
Reopening the bids could

prove saverely disruptive to franchise winners, who are due to start broadcasting at the beginning of 1993. Westcountry said yesterday it was pressing

said yesterday it was pressing ahead with its broadcasting plans. "TSW still has to prove its case against the ITC," West-country said.

Mersey Television, part of the North West Television consortium which bid for the Granada franchise, and TVS have both written to the ITC asking to see the documents which explained why they did not win their franchises. The not win their franchises. The ITC last week agreed in the Court of Appeal to hand over including TVS Entertainment such a document to TSW.



Rmergency workers examine the debris yesterday at Belfast's Europa Hotel, wrecked by a 1,000lb bomb which injured 18 people and caused damage estimated at £lm

Uranium 'lost' at reprocessing plant

By Clive Cookson, Science Editor

THE UK Atomic Energy Authority (AEA) shut down its Donnreay nuclear reprocessing plant in north Scotland yester-day after it was discovered that it had mislaid 10kg of highly enriched uranium. The quantity is just enough to make an

The plant, which operates alongside the Dounreay fast reactor, will remain closed while an AEA expert on nuclear materials handling carries out an orgent investiga-tion. He will also report to the

Department of Energy.
"We don't know whether this is an accounting error or whether the uranium has gone astray in some way," the AEA said. "It is difficult to specu-



late, until we know where the material is and what form it is

extremely unlikely that the uranium has been physically removed from the plant, which has a high level of security and sensitive radiation monitoring to detect accidental loss or deliberate removal of radioac-

tive material Uranium is very dense
Uranium is very dense
likg of uranium metal would
be about the size of a football
but the material could be in

another form, for example a compound dissolved in liquid. "Highly enriched" uranium contains at least 20 per cent of uranium-235, the radioactive interest is the first market. isotope which fuels nuclear reactors and atomic bombs. It would have to be wrapped in a thick layer of lead to shield it from radiation detectors.

The loss was discovered during a routine stocktaking at Dounreay, which reprocesses one tonne per year of spent fuel from research reactors in the UK and overseas.

Dounreay is much smaller than the British Nuclear Fuels plant at Sellafield, north west England, which handles fuel from commercial power sta-

Friends of the Earth, the environmental pressure group, said the "staggering" disappearance "demonstrates at the very least lax procedures." The Scottish National Party said the "scandal" was the latest in a series of management failures and poor materials accountancy by the AEA.

three-quarters of this total

comes from earnings, with 11 per cent from state benefits. Family size is at the smallest

Household spending rises to £247 a week

AVERAGE spending per head in the UK rose 11.7 per cent between 1989 and 1990, accord-ing to the 1990 Family Expenditure Survey published today,

writes John Willman. Weekly expenditure in 1990 averaged £247 per household, or just under £100 a head. The richest fifth of the households spent £144 a week per head on average, the poorest fifth £54 a head.

Spending on food has fallen steadily over the years as a proportion of total expenditure,

from a third of the total in the 1950s to less than a fifth by 1990. Housing costs have risen in the same period and now match family spending on food for the first time in the survey's history.

The proportion spent on

motoring and travel fares is also on the increase. This has doubled since the 1950s and now accounts for 16 per cent of household expenditure.

The average British family spent £45 a week on food in 1990, £40 on motoring and transport and £16 on clothing and footwear. £10 a week went on alcoholic drinks, £4.82 on tobacco and £1.48 on cosmetics, compared with 92p on charita-

holds spent seven times as much as the poorest fifth on alcoholic drinks, 12 times as much on leisure services such as holidays and 18 times as much on motoring expenses.

Average gross family income
was 2336 a week in 1990, up
from £304 in 1989. Almost

The richest fifth of house-

Family size is at the smallest size ever, with an average of 248 people per household. The number of people aged 65 or over is the highest ever at 0.38 per household. The data collected in the FES — which includes a notional rent for housing — is used to create the representative basket of goods and services which is used to compile the Retail Prices Index.

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BRITAIN IN



ECGD sale will net £7m to Treasury

The Treasury will receive only 57m this year from selling the short term insurance division of the Export Credit Guarantees Department: a tenth of the gross sale price which the government announced earlier this week.

Mr Peter Lilley, trade and

industry secretary, has pub-lished figures showing that while for NCM, the Dutch private sector credit insurer, the sale will cost 270m, net gov-ernment receipts will be just £12m. However £5m of the receipts will be deferred until 1996 and will depend on the performance of the short term insurance division in the private sector.

Water shortage risk increases

The performance of water companies in England and Wales in 1990-91 presented a mixed picture, with most showing improvements but some a deterioration in services. The report from the Office of Water Services says nearly 12m people are exposed to too great a risk of water shortages, mainly in the south of England.

Rise in banknotes

British banknotes in circulatrend, reflecting a pick-up in retail activity in the run-up to Christmas and Sunday trading by supermarket chains. Figures from the Bank of England showed benkrotet were \$6.000. showed banknotes rose 2.6 per cent over the week to December 4 compared with the same week a year ago.

£400m power station plan

East Midlands Electricity, leading a consortium of French and Spanish power generating com-panies, has applied to the gov-ernment and local authority for planning permission to con-struct a £400m gas-fired power station in Lincolnshire. It anticipates construction on an 18-acre site to begin in January 1993, with the first power produced by October 1995.

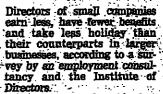
Narrowing in food trade gap

Britain's trade gap on food and drink will narrow slightly this year but will still account for more than 80 per cent of the £6.5bn total current account deficit forecast by the Treasury, Food from Britain, the government-sponsored export promotion body has told MPs.

The group told a Commons

The group told a Commons committee that on recent trends Britain's food and drink deficit with other north-ern European countries would rise from 23.1bn last year to

Widening in directors pay



The survey showed that directors of companies with turnover of less than £20m earned an average of £37,700 a year compared with £44,000 for all directors, though both cate-gories received increases of 8 per cent on average last year.

Union would cut managers

Many senior British Coal man agers would be replaced in the event of an employee buy-out, the Union of Democratic Mineworkers has said. The UDM opposes coal privatisation but believes that if it does go ahead employees should have a holding of 25 per cent, held in an employee share owner-ship plan, and a corresponding number of seats on the board. The UDM proposes that 10 per & cent of shares be given free to employees. who could apply for a further 15 per cent on special terms.

Schools need extra £671m

Primary schools in England and Wales need at least an extra forim a year - equiva-lent to the entire budget for school buildings - if they are to implement the national curriculum effectively, consultants Coopers and Lybrand Deloitte have said.

The report, for the National Union of Teachers, estimates that the extra spending is necessary over a five year period to meet additional demands for teaching staff, books and equipment necessary to meet the new curriculum, which is currently being introduced into primary schools:

LSE companies perform better

Companies quoted on the London Stock Exchange have consistently displayed higher sales growth, productivity and profitability than comparable unquoted companies in the UK, according to a new study by the City University Business School. Results of the research into corporate performance suggest that there is no mance suggest that there is no evidence to support allega-tions of "short termism" made against the City.

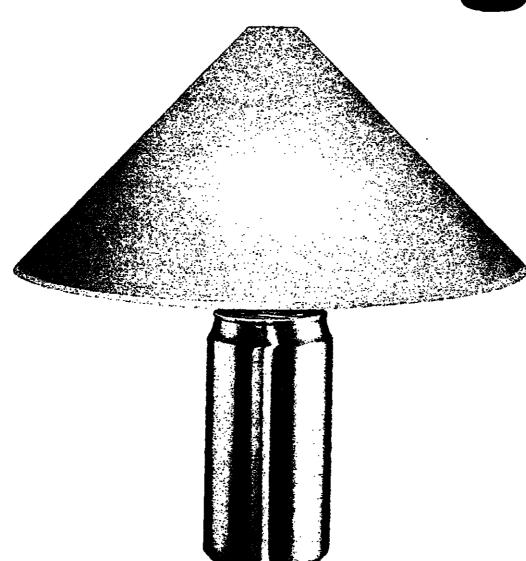
Baker attacks views of Le Pen

Mr Kenneth Baker, the home servicing to the home secretary, has condemned the opinions of Mr Jean-Marie Le Pen, the French National Front leader who is visiting London, saying that neither he nor any Conservative MP had "any agreement whatsoever with the racialist views that he is peddling."

'Alice house' is for sale

The house which inspired Lewis Carroll's book Alice in Wonderland is being sold. The 15-inch-high door through which Alice disappeared to start her adventures is still in the hallway of the building near Cirencester. In south west.

Why can't they all see the light?



If every drinks can bought in Britain last year had been made of steel, the energy saved would have lit every home in Britain for a fortnight.



British Steel: British mettle

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E Rudolph Hommes: 'a type of economy that's new





OLOMBIA IS, on the face of it, entering a new era. The administration of President Cesar Gaviria assumed office in August 1990, and has moved ahead on two fronts: accelerating the economic opening of the country to outside influence, and widening the base of political support for

The terrorism of the drugs traffickers that marked the latter days of the previous administration of President Virgilio Barco has subsided, Leaders of the country's most notorious narcotics gang, the so-called Medellin-cartel, are behind bars. The two main guerrilla groups remaining outside the political system are pursuing a dialogue with the government about ending their conflict.

After hitting a low point two years ago, with the assassination of Mr Luis Carlos Galan — the Liberal party's candidate for president, and therefore the favourite for the post — economic confidence is on the increase. The country has, over the past decade, successfully diversified its econ-omy away from coffee. It is on the verge of big increases in production and export of oil, with the development of the Cusiana-field, and of coal Capital is flooding into

the country.
But Colombia is, as ever, an enigma. One of the most cultured countries in Latin America, it has long been among the most violent. Even though narco-terrorism has waned, there has been no let up in the number of people dying violently. Despite a new political constitution that calls itself a "peace treaty or the Colombians", far more people confinue to be killed relative to the population in Medellin than died at the height of the civil war in Nicaragua. The terrorism ended with the adminis-tration's pledge not to extradite drugs traf-

fickers to the US. The voluntary surrender of Pablo Escobar and other leaders of the ruthless Medellin cartel followed. This apparent end of President Barco's "war" against the narcotics traders has brought strong criticism from the US, which sees the Gaviria administration as having gone soft on the traffickers.

The government disputes this, claiming

that its vigour in confronting the traffic is leading to displacement of the business to other countries in the region. Whatever the case, there appears to have been no let up in activity by the Medellin group or of other Colombian drug-runners.

Many Colombian drug-runners.

Many Colombians also believe that the web of the drugs gangs is spreading further into the political system. Such links were suggested last month at the trial of the former Panamanian dictator, Manuel Noriega. A convicted drugs trafficker, Carlos Lehder, spoke of links between the former Colombian president, Mr Alfonso, Lopez Michelsen, and the Medellin cartel. Mr Lopez Michelsen has denied the claim. The opening of the economy has also had the unfortunate side-effect of encour-

aging the re-entry of drugs money. Many legitimate Colombian businessmen worry about a further permeation of narco-dollars through the economy.

Meanwhile, the drug tsars themselves are reducing their reliance on cocaine by

moving into a new, more profitable and dangerous product: heroin. The discovery of more than 900 hectares of poppy fields earlier this year in one part of Hulla province indicated the extent of the spread of the new menace.

The country's economy has been diversified and democracy has permeated local politics. yet the policy of apertura has also brought its share of problems, says Stephen Fidler - most disturbingly, through the re-entry of drugs money

Rule of the market and the gun

Most of the poppy fields are said to be in areas under the influence of the two guerrilla groups, FARC and the ELN, with which the government has been negotia-ting in peace talks in Caracas. Partly because of this, few people are optimistic about a quick resolution to the talks. Even if resolved, there will almost certainly remain rumps of the two organisations fighting as bandits or as terrorist groups along the lines of Peru's Sendero Luminoso guerrillas.

Despite all this, there is no doubting the conviction of President Gaviria and his administration of the need for change in Colombia. In August, the government cut

The economy: a surprise for the policymakers

Trade: exporters resent

government attitudes

Privatisation: starting

with the banks

the maximum tariff for most products to 23 per cent, 18 months ahead of schedule. On some goods, tariffs were reduced to zero, a severe blow to the once lively trade

Meanwhile, the government has pursued active negotiations to build trade ties in the region, particularly through a revived Andean Pact and the Group of Three linking Colombia to Venezuela and Mexico. The government is keen on pursuing economic integration with Venezuela, according to one senior official.
Colombia's financial, investment, for-

eign exchange and tax regimes have all liberalised in an economy which, if

IN THIS SURVEY The Indians: their Agriculture: the coffee programme for Congress crisis reaches growers Off: the new find looks The infrastructure: good for earnings problems with geography Mining: the coal trade

not hugely successful, had been one of the least unsuccessful in Latin America. Mr Rudolph Hommes, the finance minister, suggests that Colombia has been unusual in the region, having opened up the economy "when we didn't have a crisis".

The administration's analysis, and that

of others, showed Colombia falling prey to creeping inflation, and a growth rate that was slowing over time. According to the World Bank, "during the last two decades, the country has experienced low and frequently negative productivity growth in most sectors", which would hold back growth in the future.

With an economy in this condition, the prospects seemed poor for reducing pervasive and grinding poverty. The quarter of the population with insufficient to eat remain a threat to social stability.

However, the economic apertura, as it is called, has brought its share of problems. Interest rates have been higher than they would otherwise have been, because of the inflows of capital into the country. The country's foreign exchange reserves have risen by close to \$2bn this year (of which, government officials guess, about 60 per cent is drugs money). High interest rates have helped to reduce growth to under 2 per cent, though this is expected to prove

the low of the cycle.

The government has on occasions given the impression of vacillating, and its decision this year on a temporary revaluation of the peso was unpopular with exporters. As Mr Hommes says: "We are dealing with a type of economy that's new to us, too." Priorities for the future include more

infrastructural spending. With the country divided by three spurs of the Andean mountain range, land communications between the regions are extremely poor, leading to strong regional differences and high transport costs. A particular focus will be on education.

On the political front, apertura has also advanced under President Gaviria. More democracy has permeated local politics: mayors are elected, as are governors of departments, who were previously appointed by the president.

Elections for the congress that convenes this month in Bogota have diluted the power of the traditional ruling Liberal and Conservative parties, with the election of outside candidates, for example from the former M-19 guerrilla movement. The president has attempted to reflect this greater plurality in his cabinet.

The priority of the new congress will be to put flesh on the skeleton of the consti-tution. One important development, says Mr Andres Pastrana, a conservative sena-tor, would be a simplification of the new balloting procedures. A complex ballot paper, giving voters a choice among scores of candidates, keeps spoiled and void papers high in a country where abstention rates are already near 70 per cent.

Colombia today is a confusing confrontation of different forces. On one hand, the government is tackling privilege on both the economic and political fronts. On the other, the power of the drug barons is showing no signs of abating and may even be on the increase.

Whether the new era dawning over Colombia will be one of a free market and an open democracy, or one of the gun law of the narcotics gangs, thus remains open to



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Or ask General Electric about how we transported eight diesel-electric locomotives direct to the railhead at Puerto Bolivar, then lifted then out of the hold and placed them right onto the track.

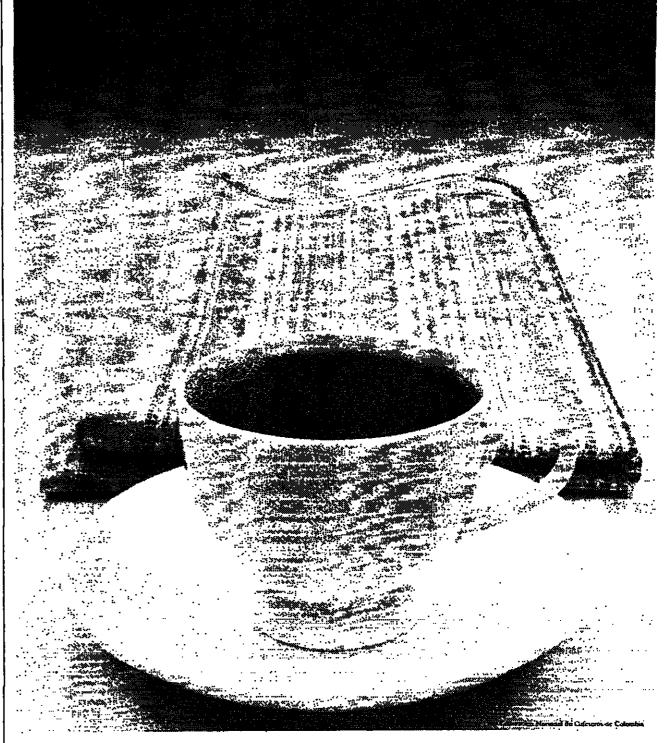
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ECONOMY	1990	Latest
Total GDP (\$bn)	41.1	n.a.
Real GDP growth (%)	4.2	n.a.
GDP per capita (\$)	1,246	n.a.
COMPONENTS OF GDP (%)		
Private Consumption	64.5	
Total investment	19.1	
Government Consumption	10.0	n.a.
Exports	20.0	
Imports	~13.6	
Agriculture as a % of GDP	23.0	h.a.
Consumer prices (% change pa)	29.1	21.9
Producer prices (% change pa)	26.6	19.8
Unemployment (% of lab force)	10.6	9.9
Reserves (\$bn)	4.6	6.5
Narrow Money growth (% pa)	25.8	4.6
Broad Money growth (% pa)	29.7	123
Discount rate (% pa, end period).	46.1	46.3
Total external debt (\$bn)	17.6	16.3
Current Account Balance (\$bn)	0.4	
Exports (Sbn)	7.1	n.a.
Imports (\$bn)	5.1	
Trade Balance (\$bn)	2.0	
Main Trading Partners		
(1989, % by value),,	Exports	Imports
US	43.2	36.0
Latin America	10.0	20.3
West Germany	8.6	6.9
Inne	4.4	0.0

1991 figures September, except reserves (October) and debt (June)

COLOMBIA 2

Stephen Fidier appraises the economy

On a tide of money

THE COLOMBIAN economy has surprised the country's

policymakers.
The reduction of tariffs and freeing of restrictions on capital movements was expected to lead to a surge of imports and an outflow of funds. The reverse has happened: imports have dropped, and so much money is flooding into the country that there are problems in managing monetary policy.

Reserves rose by \$1.9bn in the first 10 months of the year, from \$4.5bn at the end of 1990. and now exceed the money supply as measured by M1. Meanwhile, exports appear not to have suffered, though the exporting sector opposed a July revaluation of the peso.

A complex series of factors

has brought about this unexpected response. The initial reduction in import tariffs, after Cesar Gaviria took office in August 1990, was accompanied by a promise that there would be further gradual reductions in the future. Importers decided. to delay bringing goods into the country until the tariff rates were reduced. This was one factor prompting the government to reduce in one step, 18 months ahead of schedule, the planned maximum tariff to 23 per cent. Undoubtedly, too, importers have been under-invoicing (and exporters over-invoicing), thereby exaggerating

the figures.
According to Eduardo Lora Torres, executive director of Fedesarrollo, a Bogota-based economic research group, another reason why imports did not rise sharply was that the tariff cuts made a smaller difference to the effective protec-tion of Colombian industry than at first sight appeared to be the case.

This was not only for cultural reasons, such as the pref-erence for certain locally grown food, but also related to factors such as the high cost of transporting goods within Colombia. Widespread smuggling also meant that many goods were, in any case, already coming across the borders duty-free. None the less, exporters have been giving the government a hard time, particularly over the revaluation. This is despite the government's argument that

the real value of the neso has

been temporarily

increased - the crawling peg. invented in Colombia, contin-ues at a higher pace - and only to levels at which Colombian companies were successfully importing a year ago.

The government's admitted mistake was to speed up the pace of the devaluation when it started to reduce tariff barriers

to soften the blow on domestic companies that it mistakenly thought would be hit hard. The speedier devaluation instead made it more difficult to control inflation, which in 1990 rose to the historically high level of 32.4 per cent. It will probably come down this year to 27-28 per cent; but that is above the government's target of 22 per cent, which means that its main aim next year will

still be to bring down inflation,

rather than to accelerate growth as it would prefer. This will mean continued budgetary stringency in 1992: the government needs to se revenues by the equivalent of 1.5 per cent of gross domestic product next year. This will involve the passage of a tax bill through congress, although the president has powers to decree the higher taxes if necessary. It is likely also to include a politically unpopular rise in the price of

The budget deficit this year is likely to be below 1 per cent of GDP. But it is argued that the deficit is in fact larger: this is because the total yield on the liabilities of the central bank which has been issuing paper to soak up the liquidity flooding into the country - exceeds the yield on the assets.

The inflation priority will also mean that interest rates will have to remain high. This will perversely continue to put pressure on monetary policy. High real interest rates in Colombia (along with low interest rates in the US, and poor returns in other US and international markets, including real estate) have been one important factor in the return of flight capital into Colombia. (There is little likelihood of a big influx of foreign money, except for the finance of big projects such as the Cusiana oil development.)

Also encouraging capital inflows has been the lifting of restrictions on capital movefirst time legally hold foreign currency. This appears to have meant that many of them now feel more comfortable about holding local assets, in the knowledge that they can switch them without fuss back into US dollars. A tax amnesty has also been declared, but is said by the finance ministry to have been responsible for about \$250m of the inflows.

The government is not, how-ever, assuming that the inflows result, it is conducting a steady policy on its foreign debt and not intending to make big repayments. Its foreign debt fell in the middle of the year to \$16.3bn, from \$17.6bn at the end of December. The government aims to negotiate, though, with the World Bank a mechanism whereby it may be allowed to repay some debt early - the

repay some deut early — the
Bank usually frowns on this —
while extending maturities
with new project loans.
Disturbingly, much of the
capital influx — probably over
half — is money being repatriated by drug traffickers. There
are several elements to this:
drug money responds to market drug money responds to market forces, too, and is attracted by high interest rates. But there is also a view that the environ ment for drug traffickers in Col ombia is more friendly than it was under the previous administration of President Virgilio Barco. This is providing, it is argued, a vehicle for a further permeation of Colombian busi-

ss by the drug traffickers. This is a worry for Colombian business, which argues also that the exchange rate is being set at a level which reflects not the competitiveness of legitimate business but instead the desire of drug traffickers to find a haven for their vast cash reserves.

The government finds it hard to argue with this. Exporters fear that the problem may get worse not better. While Colombia prides itself on its diverse export base ~ coffee exports accounted for less than 20 per cent of export revenues in 1990, compared with 51 per cent 10 years earlier - it may increasingly have a problem maintain ing it. For not only is drugs money likely to keep the peso strong, but so will sharply higher export revenues from primary commodities such as



Tariff reductions have depressed one long-time illegal activity: smugg band as whisky reduced to zero, many smugglers have been left without much of a living

The peso's revaluation is complicating trade

Exporters resentful

THE NEW Colombian minister of trade has taken office at an awkward time. As a result, Mr Juan Manuel Santos - a former journalist, who spent a decade in London as his country's coffee negotiator - knows he has his work cut out.

Exporting companies are accusing the government of President Cesar Gaviria of being "anti-exporter". After a decade in which Colombia has successfully diversified its exports away from coffee. up more than a half of exports, its exporters believe they are under threat. A revaluation of the peso earlier this year, and what exporters see as inconsistency in economic policy-mak-ing, has been the cause, Exporters worry that the

peso is being set to take account of the inflows of drug funds into Colombia, and therefore at a level which endangers their competitive-ness abroad. Moreover, they argue that the diversity of Colombian business is further threatened by primary prod-ucts such as coal and oil exports of which are expected to rise shortly and which will also tend to elevate the

exchange rate. From the government's point of view, boosting exports at this stage would merely enlarge the country's trade

surplus and provide more fuel for the inflationary fire. The minister says the government remains keen to keep a diverse export base. "We don't want to continue depending on primary products. Our emphasis will be on exports where we add value." None the international coffee agreement - talks over which start this month in London - are accorded a high priority.

The last two years have seen many barriers to trade with Colombia fall away. Tariffs have been reduced to a maximum 23 per cent. This alone has had the effect of depressing one long-time illegal activity: that of smuggling. With duties on traditional contraband such as whisky and foreign cigarettes reduced to zero, many smugglers have been left without much of a living.

After years of looking inwards, the economic opening has left the government seeking partnerships with other countries in the region This would have been pointless even two years ago, because trade growth was blocked by the model of self-sufficiency that had guided economic policy in Latin America for more than half a century.

The moribund Andean pact - linking Colombia with Venezuela, Ecuador, Peru and Bolivia - has been revitalised. An Andean free-trade zone is planned to go into place next January. There is some scepticism about the importance of this development. Ecuador worried about being swallowed by Colombia - is one of the few countries in Latin America not to have joined the trend towards a more open economy. Colombia's relations with Peru and Bolivia have traditionally

However, the link with Venezuela has been accorded a high signalling an end to years of poor relations between the neighbours. One senior member of the administration said its ultimate aim was integra-tion with Venezuela. "We have

very complementary economies," he said.
Reinforcing this impression. the former ambasseder of Col-ombia in Caracas, Ms. Nohemi Sanin, has just been appointed minister of foreign relations by the president after a successful tour of duty in the Venezuelan

This also gives strength to the so-called Group of Three. which joins Colombia and Venezuela with Mexico. This has significance beyond the has significance beyond the arena of trade. The GS presi-dents, for example, have been making efforts to ensure a peaceful transition to democ-

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The government has also received enting astically President George Bush's Enterprise for the Americas initiative. Still, relations with the BS remain ambiguous. Washington has been highly critical of what it sees as the current administration's softer line against the Colombian drag against the Colombian drug traffickers, and there are also

some disputes over trade.

Last month for example, the US called on colombia to negotiate quotas for its textile exports into the US. According to the minister, the request was "very bidly received in Colombia", and runs counter to the free trade principles encapsulated in the Enterprise for the Americas initiative.

Stephen Fidler

The role of privatisation, hitherto limited, is likely to grow

New life for inefficient banks

of Colombia as it has elsewhere in Latin America. As a result, privatisation plays a more limited part in the opening up of the economy than in the reform plans of neighbouring

But some privatisation has taken place, and the role of private capital in what hitherto has been the preserve of the government is set to grow.

The income of the central government has been running at between 10 and 11 per cent of national product. The share of national product accounted for by the government and other state entities peaked in 1980 at above 30 per cent, but since 1985 has been constant at around 28 per cent. The propor-tion of government spending destined for investment has fallen from half of total spend-ing in the 1970s to about a fifth

But the government is no more efficient in Colombia than anywhere else. Privatisation has started with the sale of banks baled out by the state

THE STATE has never played in the finance crisis of the near Santa Marta. Some 10m has been a great drain on govsold, the purchasers being Ven-ezuelan; a third is in the pro-cess of being sold. The finance ministry expects to privatise two banks next year, and two or three in 1993.

The privatisation - together

with new rules which allow foreign banks once more to take a majority stake in their

The government will still own the tracks, but

The private sector is also expected to play a role in infra-structure development. While the government will continue to own the tracks and the land on which its run-down railways sit, private operators will run the system. For example, the US company, Drummond, will operate on a line from coal deposits in Cesar province to a private port on the Caribbean

A private company is also

set to operate, with Italian financing, a line along the Magdalena river to Santa Marta. The inefficient state ports monopoly, Colpuertos, is being broken up under a law pass the start of this year. Many of

private operators will run the railway system

Colombian subsidiaries – will, it is hoped, breath life into the country's inefficient banking

its bureaucrats have been sacked. While the government believes that selling the ports would be too expensive, and therefore would not attract private capital, private operators are expected to be managing two ports - Santa Marta and Tumaco, on the Pacific coast by next March. The process should be completed by 1993, when all five state ports should

be being managed privately. The government may also attempt to sell its power-generating plants. The power sector

government was persuaded to spend vast sims, financed from abroad, fir hydro-electric projects. The fuance ministry believes that generaling stations might be libe to compete to supply electricity to a central grid, which may itself in time be privated. Such generatives ators might also have to com-pete with powe exported from Venezuela.

A collection of miscella enterprises, suh as fisheries and paper mills owned by the state holding conpany, are also being sold off. I domestic airline run by the military is on the list, as are sone government buildings and other properties. Meanwhile, the municipali-ties, to which more power has been devolving it recent years, may also decide to sell enterprises that they own. For example, Bogotals considering the sale of its thephone company, most probably through a flotation on the Bogota stock

Stephen Fidler

by the association contracts in Colombia.

Cusiana, the most promising oil field in South America, evidences the goodness of association contracts signed with "Ecopetrol". The Colombian Oil Company.

Cusiana:

a major sample of success achieved

The association contract is one of the systems used in Colombia in the exploration and operation of hydrocarbon deposits owned by the Nation. Association contracts with Ecopetrol are aimed at achieving proper utilisation and development of energy resources while, at the same time, foreign investment is encouraged by fixing international prices on crude oil found in current exploitation activities.

This system has proven to be successful as shown by the fact that up to now 320 association contracts have been entered, out of which 92 are still in force. Reserves found under the association contracts amount to 1.194 millon oil barrels and the successfailure ratio for exploratory drilling has been 16.7%.

In the performance of these contracts, findings made are of considerable importance because of both the size and the quality of hydrocarbon deposits as in the case of the "Caño Limón", "San Francisco", "Chuchupa" and "Cusiana" fields, among others.



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BANCO DE COMERCIO EXTERIOR

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international prices, more than evo years after the collapse of

prices that production has

risen to around 15m bags a

year, squeezing the national

coffee fund and forcing Colom-hia to increase its stocks.

Although Colombia raised

export volumes by 25 per cent

in the two years following the

end of the pact, earnings fell by 16 per cent. Now that the

consuming countries hold 8m

bags of coffee and non-mem-

bers of the pact (especially east

European nations) have

reduced their purchases,

exports have fallen again.
We've had to retain nearly

a million bags in 1990-91, and

it'll be more in 1991-92 - but it

would be even worse for the

market if we tried to sell this,"

argued Jorge Cardenas, head of

the coffee growers' federation,

Mr Cardenas believes that,

unless producing countries act

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COFFEE-GROWERS in to reduce the supply of coffee olombia are only just begin by at least 5m or 6m bags, and to feel the impact of low prices will stay down for another two years. He still favours a retention scheme of some kind, on the grounds that They have been so well pro-ected from world market and that negotiating pact-style quotas is too long and complicated. But most coffee experts outside Federacase fold no longer expect any form of agree-

> "Colombia's case is dramatic. The crisis has been very slow in reaching the producer.

Banana exports last year brought in more than \$300m

He looks at the domestic market and the real price has barely dropped. We have to make the grower aware, and at the very least stop production from increasing," said Mr Car-

The national coffee fund finances the purchase of the crop at a guaranteed rate, equivalent to about \$85 cents a Agriculture: the coffee crisis has serious social implications

Lower prices percolate

pound. When the domestic price is higher than the world price, transfers are made to ivate exporters - who handle about half of Colombia's exports - so that they can pay growers the official rate and stay in the business. All of this nefits the producer, who also received generous support for fertilising, spraying and improving his coffee trees until

recently.
"We'll have to be realistic," said Gabriel Rosas, manager of the private exporters' association. "The coffee fund hasn't the resources to go on subsidising production. Coffee is still very attractive, compared with other crops, and this level of production is unsustainable." Production - forecast at 15.6m bags for the 1991-92 cof-

fee year - has risen mainly

because of large-scale renovation and higher yields, rather than any extension to the million hectares sown with coffee.

The decision to give the grower savings certificates for 10 per cent of the value of his crop, instead of paying in full, "like an aspirin for a grave illness", warns Mr Rosas. But there is an important social angle to the price/production problem, because the high level of income and excellent infrastructure of the Andean of keeping violence at bay. Guerrilla groups have little influence in coffee country, and relatively few coca or poppy plantations have been

The weakening of the coffee fund has forced Federacase to cut back its diversification profruit-growing and livestock

"There is greater caution about investing in new projects, because of economic liberalisation, and because interest rates have gone up a lot," said Alvaro Rodriguez, of Federacase's diversification unit. We're doing more research on fruits, to increase yields and competitiveness. We plan to improve the crop and post-har-vest handling, rather than produce greater quantity."

Fruit-growing has bloomed rapidly in the last few years, with Andean blackberries, soursop, passion fruit and mango juice finding markets in Europe and the US. But Colombia's most important fruit export is bananas: last year sales brought in over \$300m.

Commercial banana plantations cover about 30,000 hectares, with the main concentration in the north-western frontier region of Urabá. Banana growing is one of the few sources of employment in Urabá, which was beset by guerrilla and drug violence. as well as trade union conflicts, during the 1980s. Other tropical commercial

include sugar-cane, cotton. rice, soya and African palm. The extraordinary range of altitude, climate, soil and humidity make it possible to grow a tremendous variety of crops in Colombia, and some can be harvested all the year round. Dairy cattle and flowers are the most profitable busi-

crops with good prospects

nesses in the cooler, higher altitude regions. Although some grains are produced by peasant farmers, most of Colombia's wheat and barley are

Colombia's urban/rural balance has reversed over the last 50 years, with less than a third of the population now living in rural areas. While poverty has diminished in most of the Andean regions, where integrated rural development programmes for small farmers have proved most effective, the

Less than a third of the population now lives in rural areas

Atlantic Pacific lowlands are worse off, Altogether 6.5m Colombians living in the countryside are officially described as poor - that is, at least some of their basic needs, such as income and housing, are unsatisfied.

In the north, part of the cause lies in the landholding system: huge unproductive

ranches, with urban owners who rarely visit for fear of being kidnapped, occupy most of the land. "We've lost a lot of time talking about agrarian reform," said Mr Rosas, who is a former minister of agriculture. "We need more action and better management."

According to the Colombia Farmers' Association, rural violence, combined with tariff reductions and uncertainty about support prices, have affected this year's agricultural performance. The association predicts 3.8 per cent growth for 1991, compared with 4.3 per cent increase in 1990.

Agricultural exports, excluding coffee, were worth about \$800m in 1990 and did well in the first half of 1991, but revaluation and other measures may dampen the overall figure for the year. With a saturated world coffee market, lower volume and lower prices will push coffee down to less than 20 per cent of Colombia's total

Sarita Kendali

Oil earnings should continue to increase

New find points to self-sufficiency

OIL HAS replaced coffee as Colombia's top export, and if the "world class discovery" at Cusiana comes up expectations, oil earnings will continue to climb during the

Although both British Petroleum and the Colombian state oil company, Ecopetrol, have been cautious about quantifying the Casiana find, it is clear that the light-oil and gas reserves will have a major economic impact and are already changing national

energy plans.
Colombia has about 1.9bn barrels of crude reserve, and barrels a day in 1990. On the basis of these reserves, production is expected to increase slightly over the next two years, and fall rapidly after 1993. However, Ecopetrol has already said that the Cusiana reserves ensure self-sufficiency and crude exports - currently running at about 180,000b/d - up to the

end of the century. Cusiana has refocused or Lianos, especially the fringe along the footbills of the Andes mountains. BP is exploring blocks immediately north of the Cusiana field, while other foreign companies have area, in association with

The geology is complex, and oil-bearing formations at Cusiana are nearly 15,000 feet down. Each well takes at least nine months to drill, at a cost of about \$20m, provided there are no technical hitches. BP. operating for its partners,

expected to put five or six rigs to work next year in order to define the extent of the field. A group of families, claiming

rights to part of Cusiana's production, has presented Ecopetrol and the government with an embarrassing legal tangle. However, this problem is not expected to delay production, which could start towards the end of 1993 or early 1994. At first, spare city in the central Llance and Cano Limon pipelines would be used. But if tests confirm production levels anywhere near the 500,000b/d

The geology of the Cusiana field is complex. Each well takes at least nine months to drill

speculated in oil circles. another trans-Andean pipeline will he needed

Further into the Llanos, Tuskar is already producing a small amount of heavy crude from the Rubiales field. Geologists believe there could be a large band of oil curving eastwards across the plains towards the Orinoco. The Rubiales field is shallow, and the wells therefore quicker and cheaper to drill than those in the Andean foothills. Production could eventually

rise to more than 70,000b/d, though further exploration is to be carried out before development plans are agreed. Ecopetrol is to contribute 30 per cent of these exploration costs, while Dyas is also a

"It's very difficult to define George Woodcock, Tuskar's manager in Bogota, "It's an don't know exactly how the oil is trapped... The proximity of Cusiana may be our salvation - the oil is so light and could

Although foreign companies invested \$1bn in exploratory drilling during the 1980s, the rate fell in the second half of the decade. According to Ecopetrol, association contracts are still much more popular than risk agreements, and the state company says that the recent liberalisation of foreign investment rules, which are part of the government's programme to open up the economy, have welcomed by the transnationals.

"Cusiana has aroused a lot of interest, but it's not the only contract today and that's 90 in effect at the moment," said Mauricio Vega, Ecopetrol's financial vice-president. "Ecopetrol is doing seismic studies in new regions, such as the Pacific coast, to build up more information and attract foreign companies.

into consideration; there have been more than 50 attacks on the Cano Limon pipeline so far this year, and kidnaps are a constant threat. Ecopetrol estimates that the guerrillas have cost the oil sector over

government and rebel groups vould lead to a cease-fire and disarmament have virtually

split off and continue to

However, foreign companies lso have to take other risks \$700m in recent years. Hopes that the Caracas peace talks between the

dynamite oil infrastructures. All the oil companies devote resources to winning hearts and minds - building health centres, roads and schools. buying local produce and employing local labour - but this has proved a more FARC-controlled territory than in ELN areas.
Guerrilla activity has

delayed the completion of the Colombia pipeline, a 483km connection between the Middle Magdalena and Covenas, the Caribbean terminal. This will now be finished in 1992, and will allow production from the Upper Magdalena to be exported, and provide a link through to the central Llanos. Colombia will then have three pipelines crossing the Andes

two serving Covenas, and the older one in the south from the Putumavo to the Pacific coast. Over the next five years, agreement with the guerrilla Ecopetrol plans to spend \$2bn co-ordinating group can be reached, experts believe the on expanding refining capacity investing radical core of the ELN would petro-chemical projects. As a result of the Cusiana

discovery, the state company is

re-thinking a recent decision

100,000b/d refinery, as well as

about 250,000b/d, and although fuel oil is exported, 29,000b/d of petrol has to be imported for domestic consumption. invested in natural gas, which is to be much more widely

the mix of products needed.

Colombia's refining capacity is

used in residential areas. Here again, Cusiana will probably play an important role, as its gas reserves are considerable. pipeline may be built to bring gas from Venezuela. In order to stimulate the private sector to take on the transport and distribution of gas. Ecopetrol will have to raise the price, a policy decision which is expected soon.

Despite petrol imports, Colombia's oil balance more than \$1bn last year. The

the country's export prospects were beginning to fade, and at a moment when exploration activity needed a boost. The foreign companies should be contributing significantly to Colombia's capital inflow as they explore and develop deposits over the next few

Sarita Kendall

Mining: the aim is to double steam-coal exports

'A lift from Europe's closures'

LONG AGO, gold and emeralds aroused the greed of the Span-ish conquistadores and, as the fabulous work in Bogota's gold museum shows, gold played an important part in pre-Colomhian cultures.

But although gold and legal export of emeralds still contribute 7 per cent of foreign earn-ings, a less mystical product – coal – is now the mainstay of

the mining sector.

Within 10 years of entering the world market, Colombia has taken 8 per cent of the steam-coal trade and become the fourth largest exporting

country.

Antonio Pretelt, president of Antonio Fretai, president to the state coal company Carbo-col, says the aim is to double exports to more than 30m tonnes by the end of the cen-tury and supply 12 per cant of the international market. He foresees an improvement in demand and prices after 1993, particularly as European mine closures affect production. Although Carbocol will not

be investing in any new projects, studies are under way to expand the northern Cerrejon mine, which will reach initial production capacity in 1993. The plan is to raise output from 15m tonnes to about 22m tonnes – this will entail a further \$300-400m from the mine partners, Carbocol and Exxon. The state company is restruct-uring about a third of its \$1.6bn debt, and hopes to become a profitable enterprise in four years time.

El Cerrejon is still synony-mous with coal in Colombia, but this is beginning to change as the development of other large mines gets under way. Drummond is due to start work at La Loma, in the department of Cesar, during the first half of 1991, with a view to producing within three

The US company has signed a contract with the Colombian national railways for the tradsport of up to 10m tonnes_of steam coal a year from La Loma to the future port at Cienaga — this will be a severe test of the railway company's ability to provide an efficient regular service and to ensure that the line is rehabilitated by

Other steam-coal projects include Prodeco's 3m tonne mine at Calenturitas, the cen-tral zone of El Cerrejon and El Descanso, which could produce 12m tonnes a year. Mr Pretelt says the Japanese are interested in the Choco deposits close to the north-west coast, though these still have to be explored. Japan and Hong Kong already buy nearly lm

problems all coincided, the joint venture has recovered. Annual production is back above 40m pounds of ore, and last year's earnings were Whereas Colombia's nickel

Guainia near the Brazilian bor-

der) have not been very suc-

cessful. In Antioquia and the Choco a few companies use big

dredges and modern equip-

ment, but they provide little

employment and have been

targets for guerrilla groups. The Banco de la Republica

has 23 gold-buying branches

around the country, and Colombia's gold production is assumed to be the same as the

amount purchased by the bank. Although some may

come in from elsewhere, it

would have to be turned into "artesanal" gold, as the bank

only buys production whose

origin can be traced to a local

mining area. This year's out-

In a timid attempt to penal-

put is estimated at 31 tonnes.

ise prospectors for using mer-

cury, the bank buys amalgam

at a 5 per cent discount. While

the panner in the Choco region washes silt very carefully, to

separate off pure gold, miners

in Antioquia usually blend

ore manufacture is a highly industrialised process concen-trated in a single plant, thou-sands of families answer the call of gold, migrating wher-ever rumours report good pickings. Antioquia produces about 60 per cent of the country's output, but many departments have enough to support small armies of wandering panners.
Efforts to realise bigger,
more technically sophisticated
gold projects (for instance, in

The Banco de la Republica has 23 gold-buying branches around the country, and Colombia's gold production is assumed to be the same as the amount purchased by the bank

tonnes of coal a year from Colombia - a west-coast mine and port would be much better placed to supply oriental mar-

In 1990, coal exports reached 14.5m tonnes, bringing in \$545m Europe is Colombia's most important market, espe-cially Denmark, Holland, France, Spain, the UK, Ireland and Italy, Domestic consumption is very low at present, but there are plans to build more coal-fired power stations: the electricity sector's \$5bn debt is making it difficult to finance expensive new hydro-electric schemes, and the government hopes the private sector can be encouraged to invest in ther-

One big electricity consumer lying close to coalfields is the Cerromatoso nickel plant. Cerromatoso's deposits are both plentiful and rich in ore, Despite a series of ups and downs in the mid-1980s when technical, financial and price

Other processes also involve washing mercury straight into streams and enormous wast-The new minister of mines.

Juan Camilo Restrepo, has promised to give special attention to improving techniques among small miners, and grouping them into co-operatives such as those in the southern gold mines of Naranio. Here, yields have already improved by as much as a

mercury into gold-bearing alluvium, then heat the mix to

evaporate off the mercury.

The bank's rate is calculated with reference to international prices, and the gold is refined into bars by three Medellin companies, then sold in Europe. Only about \$350m of Colombia's reserves are kept in the form of gold. The bank is setting up a laboratory in Med-ellin, so that gold purity can be certified, and eventually a freer local market may be opened

Emerald production had until recently, been associated with violence and inter-gang massacres, but a peace pact agreed in the mines last year has brought an unusually long spell of tranquility. Companies and prospectors alike have benefited, so much so that production has apparently soared and traders are worried about

keeping prices up.

The Japanese buy most of Colombia's emeralds, particularly the best quality stones. But no one can put a reliable figure on either production or exports - much of the trade is illegal. Last year's official income from emeralds was \$130m, twice the sum reported for 1980. People close to the emerald business believe the real export figure may be three to four times as much, swelling the flood of unidentified incoming currency.

Sarita Kendali

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The 75-tongued minority

ARRAYRD IN striped poncho and red and yellow feather head-dress, Gabriel Muyuy epitomises the blend between Andean and Forest Indian cul-

He belongs to the Inga, one of the few groups in Colombia which formed part of the Inca empire at the time of the Spanish conquest, and he is the National Indian Organisation's first representative in the Sen-

Senator Muyuy owes his seat not only to his votes but also to the persistence and energetic public relations work of the two indians elected to the Constitutional Assembly. They used the political stage to broadcast their cause and to gain support for Indian rights in this year's new Constitution. Among these is the right to have two represen-tatives in the Senate - but the Indian vote in October's Congressional elections was strong enough to earn a third seat. "First, we need meetings and

courses to explain our new rights to local Indian leaders and to discuss what's happening in Colombia. Once communities understand the reality, they can make suggestheir projects and fight for them in Congress," said Gabriel Muyuy. "I don't know exactly how much a senator's salary is, but mine will not go into my own pocket – it will help make a fund to support Indians and lawyers who work

For the first time, the Constitution recognises that Colombia is multi-ethnic - the country has more than half a million Indians, speaking 75 different languages. The most vociferous, least isolated and best organised have been those living in the Andes Mountains of the south-west, where they farm potatoes, maize and beans on steep hillsides. The long tradition of resistance to the Spanish sword and cross in this region fostered the development of a guerrilla group which has joined the government's peace programme.

At the opposite end of the country, spread across the baking Guajira Desert peninsula, are the semi-nomadic Wayuu communities. Like other Indian groups, they were deci-mated by imported diseases after contact with Europeans, and now several have died of cholera.



Gabriel Muyuv: 'we believe in the de

During Mr Virgilio Barco's

presidency, several large reservations were established in the

Amazon region. The idea was

that the indigenous manage-

ment of these areas guaranteed

the conservation of resources

and a healthy ecological bal-ance. But the Indian organisa-

tion, ONIC, says that the gov

ernment has evaded the problem of evicting white colo-

Indian development pro-

and institutions are getting grants in the name of Indians.

but we don't see this money,

said Gabriel Muyuy. "We believe in the defence of the

forests, too, but we hear of a

debt swap, or that foreigners are buying land to save the forest - how can you buy

human beings? People are liv-

self-supporting communities

without normal consumer

needs is still held by many out-

siders. "They don't realise we

want money to buy clothes, shoes, medicines, scap and bat-teries for the radio," said a

Witoto leader in the Amazon

forest. "There are no jobs here. We have planted pineapple and chontaduro palms - but who

knows if we can get the prod-

His children go to a boarding

school up-river run by Capu-

ucts out to sell?

The view of Indians as

ing there!"

ists and failed to support

"We find that certain people

Their economy is based on goats and contraband, but the state recently gave back a stake in the Salinas salt pans originally worked by the

The Wayuu will benefit from a constitutional change which allows indians in frontier areas to have dual nationality, thus reducing friction with the Venezuelan authorities, caused by frequent migration. Up above the Wayuu, on the

slopes of the Sierra Nevada, are the Kogi and Arhuaco indians, whose myth makes them responsible for looking after the Sierra, considered to be the centre of the world. Incoming settlers and guerilla groups have pushed them off traditional lands, and cut down trees to grow coca and mari-juana, leaving the Indians in the crossfire between rebels and military. A year ago, three Arhuaco leaders were murdered after being taken off a bus and detained

The Indians' priorities in Congress will be land, justice and ducation. Land allocated to Indians as reservations is held in common, and the constitution gives Indian authorities considerable autonomy in governing their territories. But there are conflicts over reservation boundaries, over non-Indians living inside the reservations and, in some areas, the land is far short of community needs.

their learning Spanish, explain-ing: "We're all bilingual here. The young kids speak our lan-guage, it's not like other places where they've lost the culture. The problem is the young people, who go off to secondary school in Bogota. They come back and talk, talk, talk, but there's nothing for them to do. I was at the ceremony when all this land was handed over to ns, and we said we needed training - in carpentry and breeding pigs, things that would be really useful to us." Bilingual education is

another ethnic right specified in the new constitution. ONIC has fought for this on the grounds that language is the main key to maintaining cultural identity. The Ticuna Indians along the River Ama-zon are rapidly losing both language and cultural traditions.

The old way, with the grandparents teaching the children
how to do things and telling them stories, doesn't work any more," said a Ticuna leader. "The children don't understand our language, and the grandparents don't speak

The 500th anniversary of Columbus' discovery of America is being put to good use by the Indian organisation. Semipars, talks, courses and exhibitions are spurring awareness among Colombians. When the Japanese-financed replica of the Santa Maria arrived in Cartagena, the Indians shouting "Down with the invaders were given as much coverage as the expedition.

ONIC's representative to the constitutional assembly argued that celebrating 1992 was an offence to Indians, and that the anniversary should be dedi-cated to funding development on behalf of Indian communi-

After centuries of neglect and disillusionment, many Indians are sceptical about par-liamentary politics. Gabriel Muyuy shrugged off any suggestion that political power could be corrupting, and stressed that the three Indian senators would be working together, not only for Indian rights, but for peasants, workers and street people. "It will be hard, disciplined work - we have a lot of ground to catch

Better roads will hinder the guerrillas

and the second of the second o

ESTEPHEN FIOLER considers the problems of topography and intrastructure

Geography has created the extraordinary diversity of Colombia's regions, but has impeded the development of its economy.

It is impossible to travel by road from Bogota to some parts of the country, because of the three lofty Andean mountain ranges that split the country. Routes to the coasts from the capital and the cities of Medellin and Cali are slow and tortuous. The government plans to tackle some of these shortcomings. As in other Latin American economies, the long-term path to growth through the opening of the economy to the outside

world is obstructed by the bottlenecks caused by a tack of physical infrastructure. The infrastructure has been weakened as government investment has fallen amid the budget restrictions of the 1980s. in the words of one government official: "The roads are terrible, the trains are horrible and the costs of transportation are anormous.

A poor road system also helps to foster guerrilla activity. "The guerrillas are atraid of roads,

Now, as else region, the Colombian government is looking to a mix of public and private capital to improve its roads, rail network and ports. Private companies are coming in to manage ports. and operate the railroads.

nvestment by the governm over the next four years in the railways is estimated at \$300m; that in the roads about \$1.2bn, according to officials. In general, the government expects to finance half of this through and half from external finance from sources such as the World Bank and Inter-American Development Bank, The domestic finance should according to senior finance

officials, be provided out of an 8 per cent surcharge on the basic 15 per cent maximum import tariff that was introduced in August The operation and maintenance of these toll routes is expected to be profitable, according to the

On the roads, the priority is

Atlantic coast along the Magdalena valley. The: government aims to build mother bridge across the Magdalena river and nearer the coast. A road, via the Magdalena valley, linking Medellin and Richacha on the Atlantic coast is

also a priority, a road is planned through the quertilla country. which will soon become one of the main oil-producing areas. Also planned, as one of the 12 road-building or -upgrading chemes, is a carriageway between Villavicencio, în Meta province, through Bogota and Call to Buenaventura on the Pacific coast, and a we corridor route through Calr and the Cauca valley.

Drugs: as suspected Colombian heroin reaches New York

Poppies are the new enemy

COLOMBIA IS being invaded by a beautiful but sinister

plant: the poppy.

For those who saw the Colombian trade in marijuana give way to the more lucrative and dangerous commerce in cocaine, this infiltration is deeply worrying.

Already heroin suspected to

be of Colombian origin has turned up in the streets of New York. With a street price in the US of between \$120,000 and \$200,000 a kilogram, it is 10 times more costly than cocaine. For the traffickers, that means less risk for significantly more profit.

The economics of the drugs business has been changing. The street price of cocaine has been weakening in the US. As result, the drug-runners have turned to other markets where profits are bigger. Europe and Japan. The prospects of a border-free western Europe and new markets in the east of the continent (suspected Colombian cocaine has already been found in Poland) have increased the importance of Rurope as an outlet for Colombian cocaine.

For this reason, some traf-

fickers have turned their attention to the poppy and its dan-gerous derivative. The first unconfirmed

reports of poppy fields in Colombia reached the US Drugs

Enforcement Administration of

increasing numbers.

There is also evidence of

the US about 1984. But it was not until this year that a sharp increase in production was first proved, with the discovery of 921 hectares of poppy fields heroin of Mexico.

in Hulla province. A report issued last month, by the Colombian security agency DAS, suggested that 25,000ha of poppies were being cultivated in Colombia. Each 1,000ha is capable of producing 7,000kg of opium or 700kg of heroin, the report said. The area under cultivation is open to question, however, and some drugs experts believe it may be anywhere between

3,000 and 15,000ha of popples. The report also indicated that the main poppy-growing areas were situated in the areas of influence of the guerrilla groups which have been in peace talks with the government in Caracas - the FARC and the ELN. FARC itself "owns, administers and controls" poppy plantations in Tolima and Cauca provinces, DAS has said. No laboratories for the production of heroin have yet been found, although laboratories making morphine base have been discovered in

co-operation with the tradi-tional producers of heroin in the so-called golden triangle in south-east Asia Colombian poppy-growers cut the poppy heads vertically, as do growers in Asia, rather than across the head as in Mexico. The final product also resembles Asian heroin rather than the brown

The poppy is vulnerable to spraying, in fact to the kind of herbicide used to destroy marijuana plants over a decade ago. If the government does not attempt to eradicate the poppies before they get out of hand, it will be taken (certainly in the US) as: another sign that the Colombian government is not serious about tackling drug Such a suspicion was raised

early in the Gaviria administration. While President Cesar Gaviria has put a stop, for now at least, to the so-called narcoterrorism that shook the middle classes in the last period of the Barco administration, many wonder what price was paid for that.

Leading members of the prominent Medellin "cartel" have given themselves up with a promise from the government that they would not be extradited to the US. The most prominent, Pablo Escobar, surrendered to the authorities in June and is now in a jail above Medellin.

Meanwhile, the trafficking of the cartel continues unabated, and although the high-profile bombings in Bogota have stopped, no fewer people are

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being murdered in the country.
Other groups, such as the almost equally noticious Cali. cartel, continue to go about their business and may be in a position to threaten the government if they are not allowed to Testimony in the trial of the former Panamanian leader, Manuel Noriega, has linked a former president and proving the member of the ruling Liberal party, Alfonso Lopez Michelsen, to the Medalhn group:

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surprised by the testimony indicates a pervasive belief that the influence of the drug traders extends deeply into Colombia's political classes.

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Pablo Escobar himself was said to have described Lopez Michelsen as his political patron. The former president has denied the charges, made in court by the convicted Colombian drugs trafficker Carlos Lehder. But the fact that many people in Colombia were not

measures to open up the econ-omy and a perceived friendlier environment for drug-runners appears to have encouraged the return of drugs money into the country. It is feared, not least by legitimate businessmen, that this heralds a further infiltration of the Colom bian economy by the drug-runners.

Stephen Fidler

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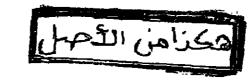
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No free lunches on the chairman's schedule

Lucy Kellaway meets Bob Horton in the lair he designed

"SO sorry to have and probably the most ruthless man kept you waiting," Bob Horton Bob Horton stretches out both arms in an exaggerated gesture of welcome. "Do come in." The boss of Britain's biggest company is being

MY OFFICE disarming, deliberately so. "People say they are frightened of me, so I try to make them

His smart new office, which he designed himself, is a conscious effort to reassure his guest. "The office of the chairman of BP is quite awe inspiring enough - alas - without high ceilings," he confides. So he has put a low ceiling into the front room of the fine classical building in the City of London designed by Sir Edwin Lutyens for RP in the 1920s. He has cut off one corner, lined the walls with green silk - his favourite colour - and put pot plants and flowers where one would expect filing cabinets and paper-weights. Pale beech panelling and low lamps give the impression of a luxurious, somewhat impersonal, sit-

feel at ease."

You would never oness this was the office of "Hatchet Horton" responsible for thousands of job losses at Standard Oll in the 1980s,

R obson Rhodes caused something of a stir within the chartered

accountancy profession recently when the firm announced that it was introdu-

cing performance-related pay from the top down.

profits will be distributed to

oartners next summer accord

ng to their performance, and

pay of managers should be determined in laws

quality of their work. By 1993, the principle is to be extended

to everyone else in the firm:

seniors, students and even sup-

was not introduced in isola-

tion", says Mel Smaje, human

resources director. He talks

about a change in values, management structures and

systems, training, client satis-

"Performance-related pay

termined in large part by the

One quarter of the practice's

to have got to the top of BP. The room is a symbol of Horton's new look management: post-modern, streamlined, un-bureaucratic.

The long narrow space, some 40 feet long and 20 wide, was designed around a priceless Persian carpet which has been in the chairman's office for decades, Horton explains. One end is a "work area", the rest of the room is what he calls the "relax

In the work area, there is no paper, and no sign of work of any sort. There is no imposing desk; instead, Horton sits at an elegant Lutyens octagonal table, on which BP corporate policy has been drawn up since 1922. "In trays and out-trays should have gone out with the ark," he says. Horton points to a small pile of documents sitting neatly on a shelf, next to two blue bottles of designer mineral water, and frowns. The papers are the only part of the design that displease him. "These are the things I haven't quite read good, well-meaning reports by wor-thy people, I really should throw

The intimidating banks of screens and telephones that used to be a part of his office a few years ago are gone. Instead a single state-of-the-art computer displays by rotation foreign exchange rates, bond prices, BP news and general headlines. Horton

faction and accountability that

is taking place throughout the firm. 'I think it is very impor-

tant to provide a reward sys-

tem that supports these

In the past, he says, Robson Rhodes had a haphazard scheme by which a partner

would judge employees against targets for chargeable hours. They were not assessed against

criteria set at the start of the

year, and the outcome focused

more on how a person had

done in relation to the firm's

objectives rather than their own future personal develop-ment. "It was very vulnerable

changes," he says.

uses the screen to send electronic messages to his colleagues, although he stresses they can always pop in and see him.

Propped up next to the screen is an empty wooden book holder, bought from one of the many charities that he supports. "Debbie, where's my diary?", he calls out to his secretary. Next door, in a much more functional room, Debbie sits with her helper and back up, and stretching out behind them are Horton's personal assistant, his speech writer, his events organiser and his chief of staff. "It's very much like a senior cabinet minister's staff," he says, avoiding a comparison with the prime minister - a position he used to covet.

Horton retrieves his diary and opens it, revealing a mass of entries. "I am fully booked most of next year for lunches and dinners," he says. "My first free evening is on June 25."
It is in the so-called relax area that Horton receives the visitors who are squeezed into his diary from 8.15 in the morning. He says he tries to keep an hour every day to himself, but never quite manages it. He rarely gets home before 11 at night, which is why he needs his "bolt

hole" in the country at weekends.
"I do not like a formal setting
when I am talking," he says. "A desk
is a barrier." Instead his visitors sit on deep green sofas around a glass

to the blue-eyed boy syn-

drome," says Smaje. Some employees could be favoured

each year but no one had a clear idea of how they could improve their performance. The rate of inflation had also

played a part in determining pay rises. But, says Smaje, "the

cost of living has no relevance

for us. Market forces drive us.

and should determine our abil-

ity to attract and retain staff".

In future, managers and other employees will receive

use of a matrix, which hal-

ances their current salary

against the market rate for the

ses determined with the

When performance is the bottom line

Andrew Jack explains how a firm of chartered accountants is restructuring pay levels

job and their performance rat-

for partners, performance determines their bonus rather their entire earnings.

than their entire earnings.

However, where 10 per cent of

profits was previously distrib-uted at the managing partner's discretion, the new scheme will

see 25 per cent handed out

Partners' and employees'

performance is assessed using identical principles. The firm is

drawing up a general set of "competencies" for each grade, split between "technical" fac-

tors - like knowledge and application of legislation, risk

based on performance.



Bob Horton: "People say they are frightened of me, so I try to make them feel at ease"

coffee table, looking at two large pictures by the British 20th century painter, Edward Burra, and at an outsize ship in a glass box that was a present from his days running BP's

tanker division.

Behind them are the bookcases holding Horton's personal library. "I am not seriously booldsh, but I do read a lot of books," he says. His diaries feature strongly in the collec-tion - 20 fat Economist desk diaries stretching back to 1972. Otherwise, he has copies of biographies of oil

industry giants, Boone Pickens and Armand Hammer, corporate histo-ries of Cazenove and the Financial Times, an anthology of anecdotes and Paul Samuelson's first-year text book of Economics.

Scattered around are "nice things to provoke memories", trophies and photographs of his family — one with his wife and daughter standing in ball gowns next to a pair of milk churns. "I don't draw a line between home and office," he says. A cupboard discreetly hides a

requires a plan to upgrade per-

formance within three months; while 1 means it is too early to

decide. Each person is then

given a single overall rating reflecting their marks. "Because it's all new, there's

a danger that we baffle people with science," says Smaje.

"But it's not a science. It's still

He has already introduced a

series of "recognition pay-ments" for staff as a taste of

Each year about 1 per cent of

staff should receive a gold

award, currently worth £1,500 in cash, for a "significant

about judgment

things to come.

fridge containing white wine; above it is a TV on which to watch "the videos people are always sending me". Whatever Lutyens would have made of the new casual, asymmetrical look, Horton reckons the room sends out the right signals about himself and his company. "This is a quality design" showing characteris-tic immodesty, "and BP is a quality

This is the first of a fortnightly series which will look at managers in their offices.

achievement" such as winning

will receive silver medals, worth £500, for handling a spe-

cific problem well. Ten per cent will win the £150 bronze

medals by, for example, arr-

have received much feedback

Smale says it is too early to

Many staff are not yet clea

about how the system will work, but he says: "Generally I

think people welcome systems

in which reward matches con-tribution. There has been a

strong body of support for the

anging a good client event.

It comes in the wake of

The article outlines a

ried out by a company's corpo-rate headquarters should be erable European experience.

scription parallels that of Christopher Bartlett and umantra Ghoshal, the two academics most associated with the fashionable concept of dispersed global "transnationals".

poses for root-and-branch cor-porate redesign contrast with the academics' more gradualist approach, and with their less heavy emphasis on structural change. They focus more on altered procedures and atti

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No.0013029 of 1991 IN THE HIGH COURT OF JUSTICE

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Notice is hereby given that a Petition was on the 16th day of November1991 presented to Her Majesty's High Court of Justice to the confirmation of the cancellation of the Share Premium Account of the above-named com-

Premium Account of the above-named com-pany.

And notice is Further given that the said Petition is directed to be heard before the Honourable Mr. Justice Hottmann at the Royal Courts of Justice, Strand, London WC2 on Monday the 16th day of December 1991. Any creditor or Shareholder of the said Com-pany desiring to oppose the making of an Order for the confirmation of the said cancel-lation of the Starse Premium Account should appear at the time of heuring in person or by Counsel for that purpose, A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

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ASHURST MORRIS CRISP Broadwalk House

Broadwalk House 5 Appoid Street London EC2A 2HA Reference: EAM/9842

No. 0011472 of 1981 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION ONOURABLE MR. JUSTICE

HOFFELANN IN THE MATTER OF EWOOD PROPERTIES LIMITED

AND IN THE MATTER OF THE COMPANIES ACT 1985.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 11th November 1991 confirming the reduction of the Share Prenium Account of the above-named Company from £496,114 was registered by the Register of Compa-nies on 20th November 1991. Dated this 6th day of December, 1991. Mactarianes 10 Norwich Street

averages": applying the same structures, rules and procedures across all their businesses worldwide. Instead they should redesign themselves systematically, tal-lor-making the structure. responsibilities and location of each division and business unit to its own particular

arge multinationals need to be leaner, faster

on their feet, and more

flexible if they are to remain

competitive. So they must stop

organising themselves "by

Brake on

averages

By Christopher Lorenz

law of

needs and strengths. This is the main conclusion of an article on "reshaping the global organisation", published in the latest McKinsey Quarterly.

research by the management consultancy which suggests that nine out of 10 chief execu-tives of leading companies think international organisa-tion is today's most important unresolved challenge for top management.

detailed process of analysis and reconstruction by which companies can reconfigure each of their business units into ones with the optimum balance of local, regional or global responsibilities, depending which is most appropriate.
As part of this reconfigura-

tion, functions currently cardecentralised wherever possi-ble, and shared out among leading businesses around the world, argues the article's author, Ingo Theuerkauf, a USbased consultant with consid-Part of his analysis and pre

But the techniques he pro-

"You can't launch a scheme like this in one year," he adds.
"It requires education, time and training. We won't get it right first time. I see this as a three-year programme, and I give it five years for it to become habit."

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FINANCIALTIMES



Switched off by too many buttons and knobs As electronic gadgets become more sorbisticated Facility To

As electronic gadgets become more sophisticated, Emiko Terazono and Della Bradshaw examine the need for products that are simple to use

any people must wish, as they dash through customs at the airport, that they had reserved their hire car before they set off. Instead they are faced with an interminate must as car types incurance. queue as car types, insurance cover and driving licences are

lt was just such a scenario vehicle rental company, that they needed to develop a com-puter-based system which cus-tomers could use to make res-

ervations easier.
The results have prompted the UK's Department of Trade and Industry to publicise the Hertz application as part of its "Usability Now!" project, intended to encourage UK companies to develop easy-to-

use high-tech applications.

The interface between the person using it and the machine has become a barrier rather than a commun channel," says Peter Rothwell, of the DTL While you can sell he says, only business advantage would convince manage-

Hertz decided to use computer terminals, installed in airport departure lounges, to enable customers to book cars before they boarded their flights. Instead of a keyboard, a reservation system with a brightly coloured screen con-

car types and credit cards, which appear in sequence. By touching one type of car, for example, that model can be

example, that model can be reserved.
Beyond the simple graphics, there is a host of complex technology, says David Woodhead, technical manager at AIT. Once the information on the booking is obtained, it is sent to see a phone line to Heart's over a phone line to Heriz's worldwide car reservation sys-tem in Oklahoma City, in the US. Once confirmed — less than six seconds later — a confirmation print-out is ma

Among the case studies which have attracted the DT's The Bank of Scotland. which developed a document

• Forte Travelodge, for a room reservation system which all its staff could use.

North West Thames
Regional Health Authority, which developed an executive information system.



are starting to acknowledge technophobic consumers as a new market. Sanyo's new word processor has a built-in instruction manual, which can be called up on to the screen, to give the confused user instructions step by step. "Peo-ple are not using functions they do not understand," says Kumiko Makino, spokeswoman for Sanyo, adding that simpler functions on machines and user-friendly products are in

emand. In the past, the tendency for In the past, the tendency for Japanese consumers to jump on products using new technol-ogy has prompted manufactur-ers to come up with multi-function electronic products with excessive knobs and elaborate designs. "In the US and



Europe, consumers have tended to stick to the basics,"

says Makino.

"Office appliances with lot of buttons and functions put off users," says Manzo Yoshihama, head of product designs at Ricoh, the office appliance maker. Ricoh has come up with a multifunction copier which the user can pick a func-tion by simply touching a display panel.

Matsushita, the electronics

company, says that knobs on

appliances scare consumers.
"They think they might
destroy it by pulling a knob
off," says Hideo Mori of Matsushita's home appliance divi-

One of Matsushita's userfriendly machines is a videorecorder with the minimum amount of buttons and has a built in voice tape which will give instructions. Mori adds that some con-

sumers fail to use even the simple appliances properly,

because they do not think of its basic structure. "Some people do not completely under-stand what the hot steam of a steam from is for," says Mori.

Matsushita recently started marketing a steam iron with an ironing board. It claims that it is not trying to make more money by adding the ironing board, but want consumers to use its iron properly. Mori says that hot steam, after going through the material, must be

absorbed by a proper ironing

board. "Only 20 per cent who use the steam iron know that."
Last year, the electronics companies came out with "fuzzy" technology — electronic appliances which make the fine adjustments which previous machines could not do — as an answer for people who do not want to think about housework. "Even for the ordinary housewife, housework has become a tedious chore and no one wants to think about it," says Mori.

In addition, most Japanese have always had high expectations of machines, as opposed

tions of machines, as opposed to westerners, who think that machines cannot do every-thing, and can accept machines breaking down or making mis-

"Fuzzy" electronic appliances such as washing machines, vacuum cleaners and rice cookers, which "even the husband can use", have since flooded the market.

Righ-technology means higher value added and fatter profits. This year, electronic companies have come out with "fuzzy and neuro" electronics, adding neural technology, designed to simulate human learning patierns, thus increas-ing the amount of information crammed into the appliances. For example, with a push of one button, Matsushita's "fuzzy" washing machine senses the amount of laundry, level of dirt and type of deter-gent, and chooses from 600 dif-ferent washing cycles. The new "fuzzy and neuro" type chooses from 3,800 cycles.

However, while Japanese electronics makers are cashing in on machine-shy consumers, some companies are finding. dealing with such customers costly. Banks, which have started to operate cash dispens-ers on weekends, complain that they need a security company to watch over its bank branches for machine problems rather than crime.

"Some people do some unbe-lievable things," says one commercial bank official. He says that there are frequent cas where customers put bent cash cards into the cash dispenser, try to put in coins where only paper money is accepted or simply cannot understand how

or the middle-aged tele-vision viewer the video recorder has because recorder has become an infuriating symbol of all that is wrong with consumer gadgets, the machine has so many knobs, switches and displays that the cognitive dextently of a mathematician seems to be needed to coax it into recording the covered recording to the covered recording the covered recording to the covered r

ing the correct programme.
The task of designing a consumer product - or a scientific instrument, item of mechanical machinery or office product to make it easy to operate has become increasingly difficult as the function of the gadgets.

increases.
So, using Apple Macintosh computers and off-the-shelf-software, Cambridge Consultants, the Cambridge-based. research company, has developed a way of helping companies simplify the interface between gadget and user.

It has devised a way of Hand to the control of the control o

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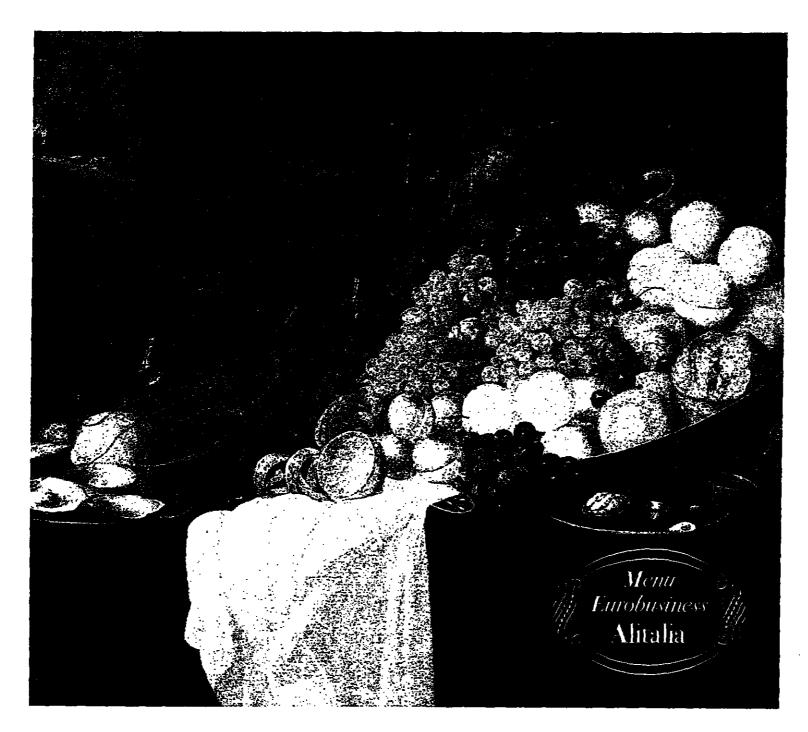
manipulating a picture of the object to be tested on screen. By using the touch-screen or moving the computer mouse, buttons on the "gadget" can be ed or dials turned. When pressed or dials turned. When this happens a real machine which is connected to the Apple – a car radio, say will carry out the instructions, such as lowering the volume.
By trying out a number of
ways of performing the tasks,
the researchers can find the most convenient at the design. mistakes early on before mak-ing your products," says Step-han Rason, product designer at Cambridge Consultants.

Bason points out that it is the ease of use at a cognitive level - the processes that have to be followed - rather than how difficult the buttons are to press, which is the function of

the design service.

Nor, he says, is it the simplest means of operation that users will find the most attractive. "Ease of use does not necessarily mean that it has to be simple enough for a three-year-old," he says. "You have to get the right combination of simplicity and convenience."

Although most interest has been shown in the technique: by large companies, Eason believes small companies, without their own ergenomic design teams, will also benefit.



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WORTH WATCHING **Della Bradshaw**

NTT becomes a real operator

JAPAN'S domestic phone company Nippon Telegraph and Telephone (NTT) has moved into the operating systems bustn empt to reduce its main nance and software develop-

A prototype version of Iroa interface for real-time operating systems) has now been released, and NTT is looking for input from equipment sup-pliers before releasing Ver-sion 1, which should be avail-

able by the end of 1992, tros is intended to be used for communications systems, in particular "real-time" and transaction processing appli-cations. Particularly close to NTT's heart is its plans to (integrated services digital network), which will use switching and computer equipment, from a variety of suppliers. Today many of hese systems have mutu in January this year NTT, one of the world's biggest ipment, announced that all its suppliers would, in future, have to adopt its stan

Wearing a heart on your sleeve

A WRISTWATCH style moni toring device is now available in the US to help those suffer-ing from intermittent heart

The WristRecorder, which has just received FDA approval, produces an tro-cardiogram of the patier from the onset of an attack. acks for up to four and a

corder until the syr

the back of the "watch" completes the electrical circuit. Once recorded, the ECG can be transmitted over the phone line to a doctor's surgery, or stored until the next visit. Manufacturers of the Wris-Mecorder, Ralin Medic the device could replace the

Computer now takes pictures

A PHOTOGRAPH album which can be stored on a personal computer should help businesses as varied as model les and car showroor to sell their wares.

Using an ordinary PC and a camcorder or still video camera (such as the Canon ion camera) Digithurst, of Royston, Hertfordheire, ha developed a system which digital images from the camera to the acreen. The cost of the PictureBook software and the MicroEye comp card needed to com

task is just under £600. When the picture is store in the PC it can be annot and the information later use for retrieving pictures from the database. In the case of a model agency, for example photos of male models with dark hair over six feet tall could be pulled out of the sys-tem using this kind of index.

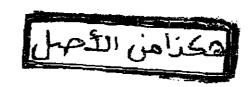
Plastic moulding is on the level

A VEGETABLE oil-based of tic, developed in Canad could soon provide the wer to the tricky construc tion probler

uses and boats. ver, is made from a mix of common vegetable oil and gypsum. It is non-toxic inventor Peter Roosen ev claims to have eaten son of it to demonstrate this

At the moment the mate is being sold in Canada a architectural mouldings, is particular for cornices or tris paracular for corraces as an mings which need to follow bends — a curved staircase for example. Unlike most plastic mouldings, it can be

sinted very easily. int, wood or even e of glass, Accufiex ves it could be used costuliy to level out the



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FT LAW REPORTS

100% Bus merger escapes investigation are simple to use

REGINA V MONOPOLIES & MERGERS COMMISSION, EX PARTE SOUTH YORKSHIRE TRANSPORT LTD AND SOUTH YORKSHIRE

TRANSPORT AUTHORITY Court of Appeal (Lord Donaldson, Master of the Rolls, Lord Justice Nourse and Lord Justice Butler-Sloss): November 28 1991

A MERGER of bus companies in an area which comprises 1.65 per cent of the area of the UK and contains 3.2 per cent of the UK population is not a "substantial part of the United Kingdom", and therefore can-not be the subject of a reference to the Monopolies and Mergers Commission, in that "substantial" in its statutory context has quantitative as well as qualitative connotations used in a comparative sense, and though the area may be important, special or significant, it is not substantial by comparison with the UK as a whole.

The Court of Appeal so held, Lord Justice Nourse dissent-ing, when dismissing an appeal by the Monopolies and Mergers Commission from Mr Justice Otton's declaration that its decision on a merger reference in respect of acquisitions of transport companies by South Yorkshire Transport Ltd, authorised by the South Yorkshire Passenger Transport Authority, was unlawful.

LORD DONALDSON MR said that South Yorkshire Ltd was a public transport company which provided local services in South Yorkshire, West Yorkshire, Derbyshire, Nottingham-shire and Humberside.

The South Yorkshire Passenger Transport Authority owned the company's entire share capital and had a statutory pol-icy-making function in relation to local services in the South

It had powers and duties under which it authorised acquisitions of transport undertakings by the company. The acquisitions led to a reference to the Monopolies and Mergers Commission.

By section 64(3) of the Fair Trading Act 1973 the secretary of state might make a reference to the MMC where it appeared that as a result of a merger the supply of services of the relevant description "in the United Kingdom or in a substantial part of the United Kingdom" were supplied to the extent of at least one quarter "the size of the reference area, cial or significant". by or for the same person.

The reference having been made, section 69(1) required the MMC to investigate and report on (a) whether a "merger situation qualifying for investigation" had been created; and (b) if so, whether its creation operated against

the public interest.

The MMC answered both questions in the affirmative. The challenge was as to whether, on the facts found by the MMC, there could be a merger situation qualifying for investigation".

Mr Justice Otton held that the MMC's decision was unlawful, as was the Secretary of State's decision to accept its conclusions and recommendations.

Section 69(3) of the Act empowered the Secretary of empowered the Secretary of State to frame a merger reference so as to confine investigation "to the supply of services in a specified part of the United Kingdom".

In making the reference the Secretary of State exercised his nowers, under section 69(3) by

powers under section 69(3) by specifying the relevant part of the UK as being "the county of West Yorkshire, the districts of Bolsover, Chesterfield, Derbyshire Dales, High Peak and North East Derbyshire in the county of Derby and the district of Bassetlaw in the county of Nottingham".

On the present appeal the issue was whether the reference area could properly be described as "a substantial part of the United Kingdom" within section 64(3).

The Commission's report said it had regard to its re ing in previous reports on acquisitions, including a report on the acquisition of Midland Red West by Badgerline Hold-ings Ltd in which it found that the specified area "played a significant part in the overall life of the UK and could not be regarded as not substantial" It endorsed the view taken in the previous reports that "a substantial part of the UK" had

to be considered in statutory context, and meant "real or important" as distinct from erely nominal". It accepted that "substantial" might have more than one meaning. It considered that the phrase

involved a quantitative and a qualitative assessment In considering what quantitative and qualitative elements

its population; its social, political, economic, financial and geographic significance, and whether it had any characteristics that might render the area

special or significant". It set out what it described as the "quantitative elements relating to the reference area" in percentage terms of the area and population of the UK

The size of the reference area was 1.65 per cent of the area of the UK. The population was 3.2 per cent of the UK population.

In considering the elements that gave the reference area its particular characteristics, the MMC noted that it included Sheffield, the third-largest met-ropolitan district in England on the basis of population, and the towns of Barnsley, Doncaster, Rotherham and Chester-field. The area had mining and steel industries, and other manufacturing and service activities, significant academic and sports facilities, and parts of the Peak District for recre-

The MMC concluded that in the context of the UK as a whole, the area was a "sub-stantial part" of the UK for the purpose of section 64(3). Mr Justice Otton rightly described "substantial" as like a chameleon, taking its colour

What the court had to decide was what was its meaning in the context of the phrase "the United Kingdom or a substan-tial part of the United King-

from its environment. It was

That was not something which could be determined with precision. It depended on a value judgment and it was not for the court to declare the reference invalid merely because it would not itself have reached the same conclusion. It had to be satisfied that the view that the reference area was "a substantial part of" the UK was not a permissi-ble option (see Edwards v Bairstow [1956] AC 14).

Both in the Badgerline and the present reference the MMC matter on the footing that the reference area "could not be regarded as not substantial", and was "real or important as distinct from something merely nominal", supple-mented maybe by the consider-ation that there were factors

in adopting that approach it

fell into error.
In context "substantial part" had quantitative and qualitative connotations, but in both respects and in other respects. they were used in a comparative sense, the comparator being the whole of the UK Great Britain and Northern

"Important", "special" and "significant" though the refer-ence area might be, especially for those who lived and worked there, there were many other such areas in the UK and the reference area could not qualify for the description of "a substantial part of the UK".

The appeal was dismissed LORD JUSTICE NOURSE dissenting, would have allowed the appeal. He said the broad purpose of the Fair Trading Act was to bring to an end merger situations which operated or might be expected to operate against the public

If section 64(3) was put on one side, there was nothing in the Act to suggest that parlia-ment contemplated that merger situations could not so operate regionally or even

So there was no reason for interpreting "a substantial part" in section 64(3) as meaning a big or a large part of the UK.

It meant a considerable part ie a part of such dimensions as to make it worthy of consider ation for the purpose of the

It was open to the Commission to conclude that the reference area was, for the purpose of the 1973 Act, sufficiently "real or important" to constitute a substantial part of the

LORD JUSTICE BUTLER-SLOSS agreeing with the Mas-ter of the Rolls, said that the reference area needed to be more than an area worthy of consideration, or real or impor-tant. It needed to be substantial in the context of its comparison with the UK as a

For the Commission: Michael Beloff QC and William Charles (Treasury Solicitor).
For the respondents: Anthony Lester QC, David Pannick, and Mark Shaw (Simpson Curtis,

Rachel Davies



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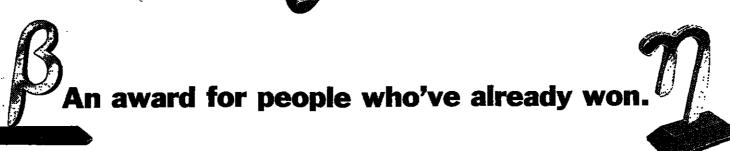
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he most radical changes to the City of London, bar the Great Fire and the Blitz, have been overseen by one of the most decorous committees in Britain.

The Corporation of London, the smallest, richest and most idiosyncratic local authority in the country, runs its planning system with a quiet efficiency, untouched by the party politics which rage in other London

Its planning committee was on display on Tuesday, when it met in a wood-panelled room in the Guildhall in front of a packed audience of leather-jacketed architects and sobersuited developers.

For three hours, the commit-tee debated the most significant applications of the year. Prominent among these was the highly-publicised proposal to rebuild Paternoster Square near St Paul's Cathedral. This proposal conflicted with the plan by Nuclear Electric to rebuild Sudbury House in the north-west corner of the Pater-noster complex. The committee also received a progress report on plans by Daiwa Securities, the Japanese brokerage house, to build a 340,000 sq ft Euro-pean head office on London

The Daiwa plans were potentially the most contentious of all; Daiwa's designs for an imposing glazed, stepped building were described as "an unashamedly modern design, reminiscent of the Lloyds

That alone could have presented difficulties. Although the planning committee is not meant to comment on matters of architectural style, it is largely composed of people who privately detest the Lloyds building.
To add to the tension, Dai-

wa's architect is Mr Richard Rogers, who also designed the Lloyds building. Mr Rogers, who nonchalantly stood by the door as the committee peered at this model, is regarded with suspicion by some of the committee members. He has the ear of the Labour party, which might scrap the Corporation if it comes to power.

But if anyone on the committee felt provoked it was not

apparent. Apart from a protest that the Daiwa plan was "a hrillant design in the wrong place", the committee's response was that it was "enthusiastic and honoured" by the proposals. The planning officer was told to continue discussions with the architects. "A model meeting," said one

member. The committee's smooth working, he opined, is largely due to its forceful plan-

RENTAL GROWTH (%)									
	Retail	Office	Industrial	All Properties					
Year to Oct 91	-0.5	-6.9	0.9	-2.7					
Quarter to Oct 91	-0.4	-2.3	-0.3	-1.1					
Month of Oct 91	-0.2	-0.8	-0.2	-0.4					

Design by committee

By Vanessa Houlder



New designs: Paternoster Square near St Paul's Cathedral, left, and Daiwa's imposing glazed, stepped headquarters

ning officer, Mr Peter Rees, an architect himself, who presents his case with a caustic wit that occasionally sounds as though were addressing errant

Thus, the Daiwa architects ere reprimanded for handing in some drawings half an hour before the meeting. "If you get material in that late, I cannot interpret it properly." com-plained Mr Rees. Similarly, the Paternoster developers were ticked off for their recalcitrance in negotiations. Their attitude was contrasted with that of Nuclear Electric, whose

conduct "was a model of applicants agreeing to negotiate with us," Mr Rees said. Even without this praise, it

would have been a good day for Nuclear Electric, which saw its plans approved enthusi-astically. Admittedly the committee did not think it difficult to improve on the existing office block. "A hideous tower", said a committee mem-

The enthusiasm for Nuclear Electric's scheme was not shared by Paternoster Associates, a partnership comprising Greycoat of the UK, Park

Tower Realty of the US and Japan's Mitsubishi Estate. The partnership is trying to build

currently occupied by drab office slabs. Paternoster Associates had bitterly fought Nuclear Electric's application, largely on the grounds that the latter's plans would not fit in with its

own masterolan.

The approval of Nuclean Electric's Sudbury House proposal was merely one of Paternoster Associate's many prob-The latter's lems. own

INTERNATIONAL PROPERTY

proposals were sent back with 22 objections for further negotiations. an £800m office project on Paternoster Square, the site is

Several of the committee's objections to the partnership's scheme concerned the size of some buildings which they felt look ridiculous, dark and overbearing. "Classical architec tural principles were never perfected on buildings of this bulk," said Mr Rees. The height of the proposed buildings also marred the attempt to recreate the historic pattern of streets and lanes that existed before the Blitz. Mr Rees said they would "look like

20th century canyons, rather than medieval alleys". Mr Rees's hard-line worried some committee members. If the committee were too

choosy, might not the developchoosy, might not the develop-ers go away and leave the square with its decaying 1950s office slabs? Mr Rees was unnoved. We must not be panicked into ad hoc solutions that are less than ideal." The outcome of the renewed

negotiations is unclear.
Already, some market watchers say the collapse in property
markets worldwide will force one or more of Paternoster Associates' partners to walk away. Greycoat says it will not commit further equity funds to

the project.
The Corporation's reservations have prolonged one of the most entertaining planning battles of recent years. The previous modernist proposals by Ove Arup were scrapped after the intervention of the Prince of Wales.

A final twist may yet await this planning saga. Mr Michael Heseltine, the environment secretary, has taken the unusual step of supervising the committee's decision, which means it could end with a pub-

he inquiry.

The Paternoster affair high-lights the sensitivity of the City planners' decisions on architecture. But running parallel to these issues are other matters concerning the type and amount of new office space that is built.

At a time when an unprece-dented number of buildings lie empty, the City's planning pol-icy is under scrutiny. How far did its relaxation of its planning controls in the mid-1980s contribute to the slump? The new demands of the

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financial services industry persuaded the Corporation to relax some controls in 1986 it allowed an increase of up to 11m sq ft of net office space in the City, according to DEGW architects; approvals for planning permission multiplied. In 1986-87, six times as much space received planning permission as in 1983-1984.

The impression that this was a "let it rip" policy is misleading. Mr Michael Cassidy, who was chairman of the planning committee after Big Bang in 1986, argues that there was an improvement in the quality of the office stock rather than an explosion in supply. Most of the new permissions related to site where existing buildings had been demolished and were being replaced."

oeing replaced.

The greatest expansion was in the boroughs surrounding the City, outside the Corporation's control. The banks, freed from the dictum that "proximity to the Bank of England was of paramount importance" moved to Hackney, Victoria

and Southwark. Now that the genie is out of the bottle, the Corporation is fighting hard to retain its grip on the financial services industry. Ironically, it is helped in its task by the collapse in the market, which has brought cheaper rents and a choice of modern empty offices.

The Corporation cannot be

complacent though. Conserv ing the City's role as Europe's pre-eminent financial centre is at least as challenging as conserving its architecture.

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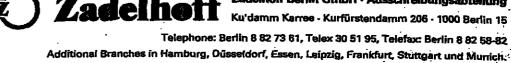
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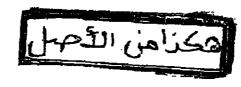
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MAN TO THE CONTRACT OF STREET

Henze at t controls in the min-took is there is the slump? 35 and 55

QUEEN ELIZABETH

Hans Werner Henze is having a good 65th birthday-year -not least in London, what with the BBC's Barbican festival last January, and now the London Sinfonietta's three-programme tribute. The composer looked very pleased with Wednesday's performances (the second of the concerts: the last is next Wednesday), as plainly the audience was. The Sinfonietta has long had a plansible claim to be the best contemporary specialist band in the world, and with their Chorus in its present form (under Terry Edwards) they must surely count as the best band-cum-chorus of that ilk. So they sounded here, in Henze's Giordano Bruno can-tata from 1961-2, Novae de Infinito Laudes.
Added to those incisive per-

formers were four soloists of no less forceful conviction, and starling pitch: Sally Harrison (Henze's English Cat at the Gulidhall in January) and Hilary Summers' penetrating contraito, Neil Jenkins and Roman Trekel. The perspective of the music, which shifts between rapt individual narration and lithe, urgent choral work, was kept in just focus from end to end. Bruno — a Renaissance visionary, heretic and martyr for his Protestant modernism — has recently been in the news again, accused of serving as a spy for formers were four soloists of accused of serving as a spy for Walsingham during his London years; it was comforting to hear again Henze's settings of his fervently "scientific",

pantheist revelations. The many ingenuities of pairs of (small) lutes and (large) harps as a kind of con-tinuo, and discreet amplifica-tion here made them tell sub-tiv. But the conductor Elgar Howarth, replacing Markus Stems et short notice executed Stenz at short notice, ensured that everything told: it was all crisp, assured, up-front, bright as a button. Exciting to hear and absorbing to follow, it left just a faint regret that the the most elevated moments in the score were rather too energetic to float free. In those places, the cool "air from other planets blowing" was briskly dis-

Something similar happened but again, it was no more than a matter of nuance -with Henze's 1981 fantasy with Henze's 1981 fantary after Jean Genet, Le Miracle de la Rose. The solo clarinet was Michael Collins, faultlessly eloquent in that best-of-British way that disclaims any intrusion by the performer himself. The rest of the score, for 13 instruments, is laden with tingling and suggestive detail. gling and suggestive detail: well it might be, since it transcribes musically Genet's exac-erbated images of how his favourite teenage murderer came to execution. As Howarth made us hear, it does that with the liveliest compositional resource (and probably a scenario more densely imagined than Henze's public sketch in the programme-

All that one missed was a certain sense of theatre — of a play of suspended breaths, elusive feints, flashes of naked feeling. Howarth's reading was more straightforward than that. It wasn't that he ignored some particular sub-text, but that there were few hints that this music might have a subtext. Talking about a theatre-piece, that would be a perfectly understandable quibble; and Le Miracle de la Rose is after all subtitled "Imaginary Theatre II".

David Murray



Vivian Tierney and Donald Maxwell

Die Fledermaus

There are few things more distressing than the spectacle of admired artists and companies falling flat on their faces. For the festive season English National Opera have mounted a new Fledermous that is hyper-active, hyper-inventive and a thunderous bore; some of the most talented people in British opera are involved, which makes the failure that much more embarrassing. One could weep at the waste of effort, the immense sense of misguided ingenuity that went into making it such an elaborate flop.

such an elaborate flop.

In this theatre it is, in fact, not unprecedented. This Fledermaus, in common with the wretched 1985 ENO Orpheus in the Underworld, appears rooted in the belief that in operatize the make-or-break factor is decor—not close, fresh observation of the characters the company and the cortel is decor - not close, fresh observation of the characters, the comedy and the social satire coupled with elegant, stylish musi-cal execution. The 1985 *Orpheus* was undone by Gerald Scarfe's shriekingly self-advertising designs; the case of this new *Fledermaus*, produced by Richard Jones and designed by Nigel Lowery, is dismay-ingly similar.

ingly similar.

Earlier in the year Jones was responsible for Mazepa at the Bregenz Festival and the Scottish Opera Walkdre, two of the richest, most exhilarating and most original productions in modern opera. Between those eye-openers and this eye-shutter there are shared family features: a surreal re-invention of theatrical time and space, a use of brightly-coloured flying cloths and props, subversively placed to reveal a new world of lyric-theatre fan-

and will be sounding, last night and tonight,

and probably tomorrow night and the night after as well. The last work, the Requiem, has

proved a special favourite for giving audiences

that You-Are-There frisson: three sell-out perfor-

mances in London alone on Wednesday night

(two at the usual concert-giving evening hour,

at the Barbican and St John's, and one at mid-

night at St Panl's), and more, many more still to

Is it possible to account for this centennial

Mozart-mania? Is it a Good Thing, a natural phenomenon; or has it been artificially created,

through persistent hype of the most vulgar

kind, to sell concert and opera tickets, videos and CDs? How is it that a work like the

Requiem, an item of the concert repertory that

can be heard any week of any year in any case, should last night have had people queuing for returns in a line that stretched almost out of the

Barbican doorway? Is this massive concentra-

tion on the creation of a single composer some-thing to be alarmed, or disapproving, or happy

These are some of the questions that have been plaguing even the most passionate of Mozartians this year, and, like everything else,

about - or a mixture of all three?

Mozart

BARRBIÇAN HALL

The difference is that here the balance etween production device and plot seems to have gone wildly out of true. In the Jones-Lowery Fledermans the visual jokes come thick and fast, from the opening prelude (with feet and hands protruding through the front-curtain in time to the music) to the last note of the prison-scene. They're never less than fertile visual jokes, drawing on a wide range of references (cinema architecture and iconography, the nightclub sub-culture, 1940s and 50s Gene Kelly musicals, the J. Arthur Rank brand of fake suburban glamour, 1870s Viennese kitsch), and chock-full of the Jones quirks, wonky perspectives, pan-tomime pratfalls, Japes and bizarreries that have elsewhere given so much

One laughs - how could one not? Soon, though, one witnesses the style becoming an end in itself, suffocating the music, reducing the libretto to a marginal distrac-tion. There seems an unstated theme to the production: the plot is a load of tosh, and the bestowal thereon of Jones's free-

flying fantasy a huge favour.

But is it? The original offers a keenedged, clear-eyed look at characters at the shady end of "good society". The ENO production team end up by dulling the edge of topical satire, and clouding the clarity of character observation – this happens no less completely, indeed, than in those all too familiarly plush, comfy-cosy old-fashioned Fledermaus shows of the past

will emerge only as the dust of the 1991 Mozart

bonanza begins to settle. The most pleasing fea-ture of the Mozart concert I chose last night -

at the Barbican, by the English Chamber

Orchestra under Jeffrey Tate - was that there

seemed no attempt at providing "global" answers, or importing into the performances of

the Clarinet Concerto and the Requiem (in the

Sussmayr completion) a sense of egregious, Spe-

cial-Event atmosphere.

By current "authentic" standards Mr Tate's

Mozart can seem old-fashioned: unhurried

placid in its approach to phrasing and accent

full rather than lean in texture, never driven by

surprising dramatic currents. The ECO and the

clarinettist Thea King (ever so slightly under form) gave under his baton a gentle, lovingly

There was more urgency in the Requiem: the bright attack and vital articulation of the excel-

lent Tallis Chamber Choir encouraged that, and

so did the well-blended singing of a fine quartet of soloists led by Joan Rodgers. It was not an unforgettable Requiem; but in

the circumstances, the sanity and soundness of

the music-making proved a constant tonic.

euphonious account of the concerto.

He died early on December 5, 1791 - at one they reached the point of maximum insistence

o'clock in the morning local time, to be precise.

Last night. My guess, though, is that the answers in all the world's concert halls his music was will emerge only as the dust of the 1991 Mozart

The emulsion of music and comedy curdles badly. At the opening earlier in the week, a gala in aid of the ENO and the Royal Academy, one sat numbed by awareness of all that was going missing in the experience. The opening performance was very far from tidily achieved, with any number of flubbed tricks and missed cues; once cast and conductor manage to put across a less fraught account of their roles, a more cogent case may be made for the

On this evidence Adam Fischer is a no less soggy Straussian than when he conducted the work for the Royal Opera, three years ago. Almost alone among the cast Vivian Tierney scores through wit - her oh-so-refeened Rosalinda from Metroland suggests a whole world of deliciously gensuggests a whole worth of deficiously gen-teel English duplicity that might fruitfully have been developed elsewhere – and through warmth of timbre. Donald Maxwell's Eisenstein is only a

shadow of what might have been, ditto Anthony Mee's Alfred (easily and ring-ingly sung), Nicholas Folwell's Falke and Andrew Shore's Frank – these men are all natural stage comics, and their talents hatural stage comics, and their talents have been ill-served. Lesley Garrett's Adele is, alas, all too "present", brassy to the last degree, constantly on the edge of vocal mishap. The addition to the cast of Fenella Fielding, along with the cabaret star Rose English and the actor Matthew Scurfield, is a humiliating waste. It sums up all that is awry in the enterprise.

Max Loppert

Sian Edwards to be new ENO music director

Sian Edwards is to be the new music director at the English National Opera. She takes over from Mark Elder in August Edwards puts in place the main protagonists who will take the Coliseum through the 1990s. Recently Dennis Marks, currently Head of Music and Dance at BBC Television, was chosen to succeed Peter Jonas as general director of the ENO from July 1993.

Ms Edwards, 31, is the first woman to hold such a prominent position in a British opera company. Some will consider her lacking in experience but she conducted a well received performance of Tipnett's *The Knot Corden* at Covent Garden in 1988 and will conduct The Marriage of Figare there later this season. However, she has only

worked once at the Coliseum, conducting Prokofiev's The Gambler last year. Taken with Marks inexperience at running an opera house the ENO is obviously gambling on fresh ideas and enthusiasm. A.T.

Hanging through the ages

The last two decades have seen a boom in museum building in the US, Japan and the Continent. There has been controversy over the architecture of new galleries and gallery extensions, and debate about what should be acquired and how it should be presented. We have seen experi-ments in deframing, delabelling, and pictures removed from the wall and put back on the easel. Hanging pictures chronologically according to school has on occasion given way to cluttered period arrangements, or to the thematic hangs of the

New Art History. Given such turmoil it seems surprising that Giles Waterfield's new exhibition at the Dulwich Picture Gallery, Palaces of Art, is the first to take a 200-year historical overview of art galleries in Britain. Given that each of the institutions involved (Dulwich, The National Gallery of Scotland, and sponsors Spencer House Ltd) has been responsible for restoring its own period build-ing to something akin to its original appearance, it is perhaps also surprising that there is no polemic. The viewer is left to draw his or own conclusions about the relative merits of traditional deep colours versus Modernist neutrality, the double or triple hang versus

the single line.

The survey takes on board private art galleries (but not those in country houses), pub-lic, university and commercial galleries and the galleries built by artists in their houses. It primarily treats architecture (predominantly neo-Classical), and touches on decoration, furnishing, framing, lighting, hanging and collecting. Partic-ularly fascinating is the light it sheds on the changing role and character of the art gallery in

society.
What is unlikely to come as a revelation is the unwilling-ness of successive British gov-ernments since the late 18th century to spend money on art. One of the most telling exhibits is a lithograph of the 1830s contrasting the "National Gallery of France" - the Grande Galerie of the Louvre - with the "National Gallery of England", John Julius Angerstem's modest house at No. 100 Pall Mall which contained the 38 paintings bought for the nation as late as 1842 as a nucleus of a national collec-

The last 30 years of the 19th century were the great years of museum attendance, when the Sheffleld, Birmingham and Liverpool galleries drew hundreds of thousands each year to see contemporary British art. In 18th century depictions

Susan Moore reviews 'Palaces of Art' at the Dulwich Picture Gallery

of the Great Room of Somerset House or Christie's - which was treated as an informal Old was treated as an informal Old Master picture gallery — the mood is almost festive, and the beau monde more interested in itself than the art on the wall. By the late 19th century, we find the whole of society in the art gallery. The mood has become reverential, the purpose of the visit serious.

Was it the ellyer except that Was it the silver screen that stole the popular audience from the museum after the

First World War? Certainly museums today seem to be a predominantly middle-class preserve despite the attempts of some directors to turn their institutions into Rank enter-From the first there seems to

have been a distinction drawn between the arrangement of public and private galleries.
Only those that began life as
private museums for instance,
combined the fine and decorative arts in pseudo-domesticity. Moreover, it seems that the idea of a single-row, selective

hang, far from being a modern idea, can be traced to the Prince Regent's Carlton House. An historical hang of a single line arranged chronologically according to school was advo-cated – if not implemented –

even by 19th century gallery directors. That formula has remained the museum norm ever since, although it is interesting to note in the National Gallery's new Sainsbury wing that the schools have been mixed up for the first time with Antonello meeting Dirk Bouts, and a separate room allocated for the Pieros, an approach typical of domestic 18th century hangs. Instead of opting for traditional red or Modernist white, the architects have evoked by their grey walls the Florentine churches of Brunelleschi, where so few of these pictures would ever

have hung. After the diversity of the oils, watercolours, wall cover-ings, plans and guidebooks, the third gallery of the show, devoted to post-war museums, seems almost an afterthought. pared down to uniform black and white photographs set against uncompromising white walls. While the new work might not be shown to its best advantage, there is no doubt that this has been a poor period for museum architecture in Britain in terms of quality and quantity. The spec-tacularly successful Burrell in Glasgow and the Sainsbury Centre in Norwich are the only redeeming highlights.

This has once again been a period of compromise, of extensions rather than new galleries and of the re-use of historic buildings. The new Courtauld Galleries in Somerset House is a tragic instance of how the new - and laudable - respect for historic buildings has succeeded in diminishing one of the most outstanding collections in Britain.

This survey presents the bones of an absorbing subject which Mr Waterfield will flesh out in book form in due course. (In the meantime, an informative catalogue accompanies the show, price £12.

Palaces of Art: Art Galleries in Britain 1790-1990 continues at Dulwich Picture Gallery, until March 1, and shows at the National Gallery of Scotland, March 12-May 3.



Cheek by Jowl's all-male performance of As You Like It is the best modern-dress performance of Shakespeare that I have seen. The secret of Declan

Donnellan's direction is that he allows time for the play to develop. The dress is unobtru-sive: dinner jackets in town and more rustic, though still up-market, garb in the country. There are very few props to get in the way. As for the all-male cast, that is how it was done in the first place. As You Like It does not con-

form to the more obvious Shakespeare categories. As a comedy, it is seldom hilariously finny. It is not a tragicomedy either, since it was written too early to contain some of the later bitterness. Although there are splashes of Shakespeare's other works dropped all over it, and it foreshadows The Tempest that was to come, the play stands apart. "Pastoral" is the word usually applied to it. That suggests a touch of melancholy, but also

of calm.
Those words will do very well for the Cheek by Jowl presentation, though I would add a sense of happiness. This is essentially a joyous produc-tion. As You Like It has far more prose than most Shake-speare plays; it has far more music than any of them. And it is in the songs that the produc-



Patrick Toomey and Adrian Lester

tion excels. ing of "A Lover and his Lass" where almost the whole team comes together, musical instruments, beautiful voices and all, The singing is a delight throughout the evening: not only "Under the Greenwood Tree", but "Blow, Blow thou Winter Wind" as well. Oddly enough, the "ingratitude" referred to in the latter song is Under the Greenwood not a prominent feature in the play. There may be bad things done in the court, but the Forest of Arden is basically a

happy place. None of the characters are deeply developed: that is part of the charm. Here not even the melancholy Jacques, played by Richard Henders, stands out above the rest. His lines on the seven ages of man are just another part of the show: a song in prose. But that is because there is so much competition. Several of the smaller parts are outstanding.

Mike Afford plays Corin the tiny part of Audrey the goatherd is played by Richard Cant like a dream: all rustic sexiness. If one didn't know he was a man, it would be almost impossible to guess. Rosalind, normally the star

role, is played by Adrian Les ter. The only reason for not singling him out is that everyone else is equally good. Here he has a terrific time as part of an ensemble. Of course, the allmale cast gives rise to touches of camp: that adds to the plea-

Above all, the direction is impeccably timed. It unfolds like the pastoral symphony it is. Only as it develops do you appreciate how much it contains. The production is immensely faithful to Shakespeare: not a word is thrown away. It runs at Hammersmith until January 4.

Malcolm Rutherford

INTERNATIONAL

The London theatre season continues to offer a rich selection of premieres, with the National seatre leading the way this month, its latest production (previews from tonight, opening next Thurs at the Lytteiton) is a revival of Edward Bond's The Sea, a modern classic dealing with the grieving for a lost sallor within the context of social comedy. Sam Mendas directs a cast led by Ken Stott and Judi Dench. Lorca's Blood Wedding (1933),

the tale of a young bride who defles convention and runs off with her childhood sweetheart, arrives at the Cottesion next week after a highly successful UK tour. Yvonne Brewster's production, with an up-to-date translation by Gwenda Pandolli, transposes the setting from pre-Fascist Spain to pre-revolutionary Cuba.

Also on the horizon are two plays by American authors - Tony Kushner's Angels in America and Tennessee Williams' The Night of the Iguana (1961). Kushner's play will receive its British premiere at the Cottesioe in mid-January, in a production by

Decian Donnellan. First performed in San Francisco in May this year, it focuses on two American couples in crisis, one gay and

one Mormon. At the Lyttelton later in January, Richard Eyre directs the Tennessee Williams play, which throws a motley group of characters together at a hotel on the edge of the Mexican jungle in 1940. Elieen Atkins plays the ethereal Hannah.

emersal Hannan.
Two plays by Irish authors
arrive in London in the New Year.
Tom Murphy's The Gigli Concert,
halled as one of the great Irish
plays of the century when it
opened in Dublin in 1983, receives its British premiere at the Almelda in the first week of January. The play delicately balances wild comedy and spiralling desperation, exploring the relationship between an English quack psychologist living in Dublin and his irish millionaire client who longs to sing like the great italian tenor Gigil. Karel Reisz directs a cast led by Barry Foster

and Tony Doyle.
The Royal Court's next play
is Faith Healer by Brian Friel (opening on Jan 24). Like Dancing at Lughnasa, Friel's major succe last season, Faith Healer will be an Abbey Theatre Dublin production, with a cast including Sinead Cusack, Ron Cook and Donal McCann, directed by Joe Dowling.

EXHIBITIONS GUIDE

AMSTERDAM Riikemuseum Rembrandt a major exhibition bringing together paintings from museums in Berlin,

Amsterdam and London, including Jeremlah Lamenting over the Destruction of Jerusalem, A Woman Bathing and two self portraits. The exhibition capitalises on the latest developments in Rembrandt research and attribution. Ends March 1. A companion exhibition of 40 drawings by Rembrandt and his pupils, plus 40 etchings, ends on Jan 19. Closed Mon

edelijk Museum Wanderlieder: A Journey through the New Europe. Eleven artists give their pictorial response to the sweeping political changes in Europe and the new socio-cultural perspectives which have opened up for the visual arts. Ends Feb 9. Daliv

Museum für Gegenwartskunst Francesco Clemente: Testacoda. A series of paintings In which the 39-year old Neapolitan artist focuses on the human head and body. Also Martin Disler: seven large-scale paintings. Ends March 2. Closed Tues BERLIN

Nationalgalerie Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art, renowned for the bitter realism of his portraits, brothel scenes and visions of war. Ends Feb 4. Closed Mon and Tues Pergamonmuseum Miniatures of the Berlin Balsongur Manuscript illuminated pages dating from 1420, commissioned by the family of the Afghan Prince

Baisonqur. Ends Jan 19. Closed FRANKFURT Schirn Kunsthalle Guercino: an

exhibition of more than 80 paintings and 80 drawings, marking the 400th anniversary of the birth of one of the finest 17th century Italian painters. Ends Feb 9. Closed Mon THE HAGUE

Max Loppert

Mauritahuis Bredius, Rembrandt and the Mauritshuis: an exhibition honouring Abraham Bredius (1855-1946), one of the Mauritshuis' greatest curators and a pioneering expert on Rembrandt Bredius acquired 35 paintings for the museum, while donating a further 26 from his own collection. The exhibition includes a

sketchbook by the landscape artist Jan van Goyen (1596-1656), which has never before been on view to the public. Ends March 1. Closed Mon LONDON

Tate Gallery Giorgio Morandi (1890-1964): 48 etchings by one of the great figures in modern Italian art. Ends Feb 9. Also Gerhard Richter (b1932): first major survey in Britain of one of Germany's most eminent living painters. Ends Jan 12. Also Anthony Caro (b1924): new and recent work by the British sculptor. Plus Turner's Rivers of Europe. Ends Jan 26. Daily Royal Academy Katsushika

Hokusal (1760-1849); sketches, paintings and 150 printed works by the most celebrated Japanese artist in the West. Ends Feb 9. Daily Barbican Japan and Britain: an

aesthetic dialogue 1850-1930, with works by Whistler, Mackintosh and others who contributed to the exchange of influences. Ends Jan 12. Daily

Hayward Gallery Toulouse-Lautrec. Ends Jan 19. Daily National Gallery The Queen's Pictures. Ends Jan 19. Daily MUNICH Kunsthalle der Hypo-Kulturstiftung

The Dream-world of Puppets. Ends March 1. Dally Lenbachhaus Wilhelm Morgner (1891-1917): retrospective of paintings, drawings and prints by one of the youngest members of the expressionist movement before the First World War. Ends

Jan 12. Closed Mon Villa Stuck Mathias Waske (b1944): Visions and Parodies. Oil paintings characterised by the artist's humorous and satirical view of the Munich scene, Ends Jan 6. Closed Mon Bayerische Akademie der

Schönen Künste Robert Wilson: Monuments. Stage models devised by the American multi-media director. Ends Jan 19. Closed Mon NEW YORK Whitney Museum of American

Art Alexander Calder (1898-1976): more than 50 works by the innovative and popular American sculptor. Ends Feb 2. Also Alexis Smith (b1949): a mid-career survey of the Californian artist who has re-invigorated American collage in the past 20 years. Ends March Metropolitan Museum of Art Stuart

Davis (1894-1964): the first retrospective of the American modernist for more than 25 years. Ends Feb 16. Also a major Seurat exhibition and another devoted to his neo-impressionist followers. Ends Jan 12. Closed Mon PARIS

Musée d'Art Moderne de la Ville de Paris Alberto Giacometti

(1901-66): exhibition of work by the Swiss sculptor and painter. Ends March 15. Closed Mon (11 ave President Wilson) Centre Pompidou Max Ernst retrospective, with 250 collages paintings and drawings showing the great Surrealist painter

reveiling in the subconscious Ends Jan 27. Closed Tues Musée des Arts de la Mode Elegance and Fashion in 18th century France: sumptuous materials and dazzling craftsmanship characterise the 80 exhibits from French Regency 31. Closed Mon and Tues (107 rue de Rivoll)

Grand Palais From Watteau to David: 70 works from the school of 18th century painting, in which mythological themes offer a pretext for glorifying feminine nudity. Ends Jan 6. Closed Tues, late closing Wed Grand Palais Géricault retrospective marking the 200th

anniversary of the artist's birth. Ends Jan 6. Closed Tues, late closing Wed Louvre Three exhibitions of

German art from the Gothic to the Renaissance, showing the homogeneity of sculptures. engravings and drawings of the erlod, all greatly influenced by Dürer. Ends Jan 20, Closed Tues (Hall Napoleon and Pavillon de Flore) Musée de l'Orangerie des

Tuileries Derain: more than 60 works by one of the original Fauves, focusing on his early years. Ends Jan 20. Closed Tues Musée d'Orsay Munch and France: the interaction between Munch and French art resulting from his

visits to Paris between 1885 and 1908. Ends Jan 5. Closed Mon,

late closing Thurs Albertina Hilma Af Klint (1862-1944): retrospective of the Swedish abstract artist, with more than 70 paintings giving insight into religious and philosophical movements at the turn of the century. Ends Feb 2. Daily Kunsthistorisches Museum The Ancient World on Greek Vases: a selection of painted vases from around 1000 BC, illustrating daily life, festivals and religious observance in ancient Greece. Ends Jan 19, Closed Mon **National Portrait Gallery Time**

covers the War. Personalities from World War 2. An exhibition commemorating the 50th anniversary of the Japanese attack on Pearl Harbour. Also Collecting Portrait Prints: Washington Print Club Biennial, Prints from the 15th to 20th centuries covering a wide variety of subjects, from Louis XII to Richard Nixon. Ends May 17. Daily National Gallery of Art Walker

Evans: classic documentation of American life during the Depression, including New York subway photographs. Ends March 1. Also Albert Bierstadt: the most comprehensive collection of work ever assembled of the epic American landscape painter of the 19th century. Ends Feb 17. Also Circa 1492: Art in the Age of Exploration. Ends Jan 12. Daily Remaick Gallery Albert Paley: Sculptural Adornment. Ends March 22. Also Improvisation in African-American Quiltmaking. Ends Jan 5. Daily



FINANCIAL TIMES

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Friday December 6 1991

Battle over currencies

EXPECTED. the Bundesbank gave the European economy a breathing targets for the next year's growth in money supply. Yet Sweden's central bank was obliged to increase its short-term lending rate by six percentage points, to 17.5 per cent. Sweden's situation is unique. But the challenge of preserving exchange rate sta-bility in Europe is not.

The Bundesbank's concerns about the German economy are well known. But so is its political acumen. The moment when the German government has to insist on a set of tough conditions for economic and monetary union is not the time to make German monetary policy still more unpopular. But it is looking increasingly a question of when the Bundesbank will me more unpopular, not

The Bundesbank's forbearance means little to Sweden. Following the effective 12.3 per cent devaluation of the Finnish markka last month, the Swedish krona had come under huge pressure. Sweden could choose either to devalue or to fight. It chose the latter course and has shown courage in the weight of artillery it has com-mitted to the battle. With luck, interest rates this high will convince the markets of the seriousness of the commitment. But they could convince them, instead, of the untenabil-ity of its position.

Swedish case

Sweden's is a special case. Not only is there the contagion from Finland, but the krona has already depreciated by a third against the D-Mark since 1980. Those depreciations reflected Sweden's attachment to full employment and its toleration of high rates of infla-tion, at least by German stan-dards. The commitment of the new minority centre-right coalition government of Mr Carl Bildt to exchange rate stability lacks credibility and is now being tested. The govern-ment has decided that it must meet the test, whatever the

The battle facing Sweden is exceptional. But it is far from the only vulnerable currency.

D-Mark, have regained what most would regard as their nat-Measured by the so-called

"divergence indicator" the D-Mark and its immediate sat-ellites – the Belgian franc and the Dutch guilder - have strengthened since the sum-mer. The French franc has maintained its, admittedly weak, ground. Meanwhile, higher yielding currencies, like the Spanish peseta, the pound sterling and the Italian lira, have been weakening. Were recent trends to continue, pressure would be put on a number of important currencies. Such pressure would be augmented by any increase in German interest rates.

Following suit

The reasons for the weak ness of the traditionally weak currencies are not far to seek whether it will be politically possible for other countries to follow the Bundesbank's suit. Furthermore, three-month interest rate differentials vis a vis the D-Mark are only half a percentage point for the French franc, 1% percentage points for sterling and three percentage points for the Spanh peseta and the Italian lira. would not take much of a re-alignment to wipe out any gain they provide.

Equally important are the longer-term worries created by Emu. The criteria are tough, while recent progress towards convergence has been modest Some must doubt whether the conditions will be met. Others will ask themselves which countries will be able to join. All know that one of the conditions is likely to be that a particinating currency should not be re-aligned two years before

entry into Emu. Worries abound. Are currencies going to enter Emu at not, which will seek re-alignment? Will governments be prepared to follow the tough policies required for convergence? Are some important currencies to be left dangling in the currency market breeze for many, many years? Many have argued that if Emu were to be done, 'twere better done quickly. The pressures of the next few years might confirm their fears.

Investors are fleeing to quality. Strong currencies, notably the

Challenge from the far right

If - as is often held to be the case - economic growth pro-vides the most effective antidote to the rise of extremism, then the current upsurge of the ultra-right across Europe should never have occurred. In western Europe, the last three years have seen the highest rates of economic expansion for a decade. Yet they have also coincided with gains in support for the far-right on a scale which has become an important challenge for established parties in half a dozen

Britain has so far been an exception, partly because prorepresentation in most of the rest of Europe gives greater political clout to smaller parties, partly because of the extraordinarily weak credibility of the National Front after its leadership crisis in 1981. Nonetheless, this week's visit to Britain by Mr Jean-Marie Le Pen, the leader of the French National Front. has highlighted the extreme right's efforts to foster groupings spanning the continent. It is now time for a rational debate on the aspirations of this unpleasant part of the political spectrum, and on the sons for its advances.

Simple measures

Although straightforward law-and-order measures should be used to combat any extremist violence or incitement to violence, the one sure way of increasing right-wingers' allure is to brand all who vote for mainstream parties take seriously the support for extremism shown by voters from Brussels to Brescla, from Marseilles to Munich, the discussion will spill still further out of the hands of respectable pol-iticians. When Europe is preparing to progress down the road towards much greater reconomic and political integration, this would be a grave setback. Nothing could be in greater contrast to the spirit of European units than for European unity than for a growing proportion of Euro-pean voters to cling with die-hard tenacity to the inward-looking politics of far-right

From the voters' point of view, the popularity of Le Pen-like figures has had a touch of

reflecting the natural procliv-ity of dissatisfied citizens to turn to the protest vote at a time of social and economic upheaval. Many voters on low or fixed incomes have cast their votes for the right-wing fringe out of concern that they have been left behind while others have been prospering in Europe's get-rich societies. More potent than long-term unemployment, pressure on housing and social security has added to the radicals' appeal.

Immigration fears

Fear of uncontrolled immigration has been a central issue; in both east and west Germany, where racial intoler ance has led to many shameful attacks against foreigners in recent months, this year's record number of asylum-seek ers has now become a great preoccupation not only among conservatives but also for many traditional Social Demo-crat voters. The most significant common factor behind the rightwards swing has, how-ever, been growing belief that many mainstream parties are impotent, out of touch, and, in at least some cases, corrupt as well. In France, Germany, the Netherlands, Belgium and Aus-tria – the principal countries where the ultra-right have been making the headlines -disenchantment with the par-ties in power has been com-bined with a feeling that the mainline opposition offers few genuine alternatives.

One comfort is that west Germany's flirtation with the neo-Nazis during the 1960s, like Britain's with the National Front in the 1970s, shows that

the ultra-right can shrivel as swiftly as it grows. However, mainstream politi-cians should not assume the problem will simply go away. Among the useful catalysts might be harmonisation of realistic asylum policies, to defuse demagogues' claims that any one country is shoul dering an unfair burden. More attention to social issues, like housing, which affect poorer people, would also help. But above all, politicians should resist entrapment in a professional cadre; the arguments of the right must be tackled in a language and style capable of steering voters away from solu-

The defenders of the Ruhr have warned for 30 years and more: "If the Ruhr burns, there will not be enough water flow-Bonn to douse the flames. Water, in the event, has not been needed. Money by the bucketful has served perfectly well to damp down the fires of resentment which have smouldered and occasionally flared in the so-called "coal hole" of Germany during the running down of its traditional mining

and steel industries. Federal and state subsidies have been poured in. Even now, as Mr Jürgen Möllemann, economics minister, never tires of repeating, each coal job is subsidised with DM76,000 a year. Mining alone absorbs DM11bn of aid a year. But restructuring aids for steel have already run out, and Bonn, harried by the European Commission connection. Commission competition authorities, has drawn the line

under coal hand-outs. Since the early 1960s, mining has lost almost 80 per cent of its 500,000 jobs; 100,000 in the past decade. In the past 25 years steel has shed more than 40 per cent - most during the international steel crisis of the 1980s - reducing the workforce to about 120,000.

And now here comes another round: at least 30,000 mine employees will be cut adrift in the next 10 years, along with an estimated 40,000 more in ancillary industries: Thyssen is to shed 2,000 steel men in Duisburg next year, while Austria's Voest-Alpine threatens 800 with the "reorganisation" of its special steels operations in Germany.

More seems certain to follow in the renewed restructuring of steel. Armed with 24.9 per cent of its target's stock, the steel and engineering group Krupp is bobbing and weaving around merger-shy Hoesch while at the same time talking "co-operation" with Thyssen's special steels division.

The heavy industry workers of the Ruhr have hard heads beneath their hard bats. They know what words like merger, co-operation and reorganisa-tion mean. They learnt in the 1980s as Germany shut down 20m tonnes of steel capacity, more than half the total closed by the whole of the European Community industry in the last great shake-out.

The consensus now is that while capacity cuts are unlikely, a tie-up between Krupp and Hoesch and the consequent rationalisation will endanger the livelihood of at least 10,000 people. Accord-ingly, some 20,000 "Hoeschianers" gathered in Dortmund recently to boo their boss. Mr Kajo Neukirchen, while he tried to explain that the thought of merger never entered his mind when he started collaboration talks with Krupp in the summer.

The Ruhr miners' and steelworkers' protests have tradi-tionally been well-attended, spirited and noisy. But there has been none of the blood-letting and few of the tears seen stand against market forces in the strike of 1984-85. Wholesale sectoral restruct-

uring in other countries has left communities unbalanced by large-scale unemployment, dispirited and depopulated, drained of brainpower. North-Rhine Westphalia, home to 17m of the former federal

Christopher Parkes on the Ruhr, Germany's heavy industrial centre

Dying heart still beats



republic's 62m people, and home state of the 5m people clustered in the Ruhrgebiet, has lived for years with unem-ployment rates high by Ger-man standards - about two percentage points above the national average - and with Ruhr hot-spots even now above 12 per cent compared with less than 6 per cent overall. And yet what local headline writers persist in calling "the dying heart" of Germany has so far demonstrated a curious reluc-tance to stop beating. If anything, it is working fas-

ter and to a new rhythm. A quarter of the 47,000 new companies registered in Germany during the first half of this year were set up in North-Rhine Westphalia, and about 130,000 jobs are currently being created annually. Many are in new or formerly under-represented sectors. At the end of last year, for example, 3m peo-ple - 51 per cent of all employ-- were working in service industries, compared with 46 per cent in 1985. Electronics and electrical manufacturing. popularly believed to be the gained almost 7,000 jobs last year and now employs almost 450,000. Inside the Ruhr less than 30 per cent of jobs are dependent on iron and steel compared with 60 per cent at its post-war peak.

The stripping down of min-ing and steel has also exposed underlying muscle: a third of

Germany's much-admired Mit-telstand of medium-sized companies is based in the state. Once believed doomed as the "traditional" industries on which they largely depended were whittied away, they have proved flexible and innovative enough to find new products and markets to suit their skills in engineering and logistics. The German growth industry of the moment, food proces ing, provides more than 100,000 jobs in 800 companies, and local engineers make the machinery they need. A third of all German textiles come from the area, and the state still produces a third of all Ger-

man exports.

But the erosion of the traditional Ruhr industries has also exposed weaknesses in the local economy. Annual growth rates in all commercial sectors in North-Rhine Westphalia have consistently lagged behind the former federal republic average. Wages have been consistently higher. Personnel costs in mining amount to some 44 per cent of gross product value, compared with industry. In steel, labour costs of DM49 a tonne far outstrip those of competing France (DM38) and Britain (DM32). Women, paid relatively low wages, are preferred to men in developing sectors such as retailing, food and textiles. Assessing the single greatest strength of the Ruhr and its

than a glance at the map: 40 per cent of all the consumers in the European Community the richest, at that), live just one day's journey away along some of the best communications networks in the world.

home state takes little more

But strong as the geographi cal and infrastructural founda-tions are, questions are crop-ping up about the ability of the new industries built on them to withstand the new wave of

The flurry of refreshed and new economic activity which anticipated and accompanied unification is petering out. Ger-man investment in the east is stalled by disputes over land and property ownership and indecision at every level over who is responsible for the for-mer DDR's burdens of commercial debt and environmental devastation. And there is no sign of overseas markets providing any stimulus to keep the motor running at full power. There is top-level talk of recession in the heart of the European economy, of which the Ruhr is only a part. And the Ruhr is once again buzzing with inflammatory talk. "There are young people among us who are willing to use violence," one prominent labour leader said recently. But the region, once a blot, has over the years been merged irretrievably into the new German landscape. The money which poured in from the state capital Discal. Bonn, the state capital Dussel-dorf, and from industry has eased personal hardship, soothed incendiary tendencies, and also softened the Ruhr's

There are now 50 universities in North-Rhine Westphalia, nurturing almost 500,000 students, 14 technology centres, and the Max-Planck Institute has 11 centres. Smoky little Bochum has its own symphony orchestra. Three-quarters of the state, much retrieved from slag heaps and industrial wasteland, is under crops or forest, and 10m trippers come to sightsee and shop every year.

The restructuring is continuing Even as Bonn withdraws its support. Germany's leading companies, many of which have their roots in and around the region, have stepped in to fill the gap. The *Initiativskreis Ruhrgebiet*, representing 52 groups and headed by Mr Fil-mar Kopper, head of the Deutsche Bank and Mr Friedhelm Gieske, boss of RWE, one of the biggest conglomerates in the country, was set up in 1989 specifically for this purpose, and last month it announced that its programme, due to end in 1993, would continue until

Its members have aiready invested DM5bn in the Ruhr's industries and infrastructure. Another DM4.5bn is committed, and DM12bn is earmarked for the next five years of the programme. Bonn now must livert its resources to the industrial and social catastrophe looming over its five new component states. Next year alone some DM170bn, more than 6 per cent of the west's gross national product, will be mobilised for fire-fighting in the former DDR. The tribulations of the Ruhr are fading into relative insignificance, and, along with its tradition of monumental heavy industry, are being pushed rapidly into history.

Notice served on networks

John Griffiths and Andrew Hill on an EC car industry ruling

Sir Leon Brittan, the EC competition commisnotice on European car makers that they will have to fight to retain their networks of exclusively franchised dealer-ships through which cars traditionally have been sold in

Europe.
Sir Leon on Wednesday
upheld the right of "intermediupheld the right of "intermedi-ary" companies — operating outside the franchised net-works — to import cars on hehalf of individual customers across EC member state boundaries. In so doing, he signalled his desire to end the franchise system — and poten-tially in ones car sales up to a tially to open car sales up to a "free-for-all" through outlets such as supermarkets - when the industry's exemption from EC competition rules expires in mid-1995. The exemption provides the underpinning for the sale and

distribution of cars through-

out the EC. But critics claim it is at least partially responsible for the wide disparities in new car prices alleged to exist throughout the Community. To gain the exemption in 1985, the industry argued that cars are exceptionally complex products, with important safety implications and requirsafety imprications and telephone ing expert maintenance. Only dealers specifically franchised by manufacturers, and able to earn adequate profit margins and thus invest in proper equipment and training, could reasonably meet these require-

The industry still insists that this is the case. Critics, led by consumers' associations, are increasingly dublous – not least, they say, because cars have become so reliable, and because numerous surveys have found the standard of repair and servicing at fran-chised dealers no better than

at independent garages.
The main issue, however, is the increasing public perception that cars would be cheaper, and with no real after-sales disadvantages, if sales became "free" through a variety of outlets. Despite his "clarification" of

the role which intermediaries can play in importing cars across EC boundaries, Sir Leonhas not enabled them to set up rival sales outlets immedi-Indeed, he took care to

emphasise that the industry exemption system remains in place – not least to allay the concerns of France and Italy, which regard it as a crucial mechanism for monitoring Japanese car imports after the creation of the EC single martransition to a completely open market for cars by 1999. What Sir Leon has done is to underline the intermediaries existing right to operate within the exemption system. Broadly, he clarified the right of intermediaries to organise their activities as they wish, provided they confine them-

selves to securing a specific car for a named client, and do not seek to sell cars as if they

were ordinary dealers. What prompted the clarifica-tion was a complaint by Peng-ect of France that Ecosystem, a Rouen-based intermediary, was actually reselling in France cars bought in Belgium and Luxembourg. Peugeot ordered its dealers in those countries to stop supplying Ecosystem. The Commission rejected the complaint and ordered Peugeot to lift the ban or lose the protected status of

Sir Leon's action is not the only indicator that block exemption for the car industry may not survive, at least in its present form, after 1995. Earlier this year Dr Klans Stover, a now-retired senior Commission official responsi-ble for much of the exemption's monitoring, told a Financial Times conference that the Commission would be unlikely to renew the exemption unless car prices between EC member states

converged.

To the manufacturers chagrin, virtually every independent survey of EC new car prices undertaken has found vide discrepancies, particu larly between the UK-and main continental

The two most important, unpublished, surveys were those undertaken for the UK's Monopolies and Mergers Com-mission (MMC), and by the Motor Industry Research Unit (Mira) for the EC Commission.

The MMC study found that pre tax prices in the UK can be 50 per cent higher than in some other EC markets, and generally 20-30 per cent higher. However, its findings are only partially borne out by Miru, whose report is now in the Commission's hands. Even when account is taken of exceptionally high dis-counts in the UK, prices of amall cars in particular were up to 30 per cent higher than in other key markets, Miru

cheaper in the UK than in most other EC countries. Miru's research refrains from blaming for the dispari-ties on the exclusive franchise system. But it does conclude that manufacturers have made their model ranges and pricing structures in each country so disparate and so complicated that even the most sophisticated buyers are unable to antangle them.

found. But, it concluded,

larger family cars were

The suspicion is widespread 🐠 among consumer groups that this is deliberate, aimed at discouraging consumers from seeking cars abroad.

If the Miru research leads the Commission to reach a similar conclusion, it will do little to help the industry's case for the exemption to be retained - at least in its present form.

Getting down **OBSERVER** to business

■ Good luck to Derek Keys, the tough and widely respected South African businessman who is to direct South Africa's economic policy from early next year. He faces a tough job getting to grips with a civil service bloated by apartheid and a tortuous bureaucracy which stifles efficiency. He is one of a famous trio

of South African businessmen Donald Gordon and Sir Mark Weinberg being the other two who were contemporaries at a leading Johannesburg school, King Edward VIIth, and then as accountancy stu-dents at Witwatersrand University. Keys was the top student in his year. Gordon, not a modest man, is reputed to have commented that "many people have said I'm a brillian man, but you know there's one more brilliant than me...that's Derek Keys." Keys is the second top Gen-

cor man to be tapped by Pre-toria. One of his predecessors, Wim de Villiers, was also hired just over a decade ago to do the same sort of thing – bring the habits of the private sector into government

He is not an Afrikaner which makes him unique in the top ranks of Government and he has never before been publicly identified with the ruling National Party. With finance minister Barend du Plessis heavily engaged in negotiating South Africa's future, Keys will be required to get a firmer grip in eco-nomic policy. Though he's a representative of "big busi-ness", which the African National Congress so loves to hate, his appointment drew only mild concern yesterday from this quarter

Chin chin

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■ Some good news and some bad news about the refurbish-ing of London's Liverpool

A somewhat inappropriately ample man in his early 40s, Erdman says he has decided to call the gym "Tracks" in preference to numerous suggestions from personal acquaintances, Besides "Sweatwork South East", he admits

"Let's tie a yellow ribbon round the old oak tree for Sheik Obeid" Given the City's vaunted

in the £2bn Broadgate complex opened by the Queen yester-day. The good news is that commuters will still be able to use the bar in the station's ement opened up by the

The bad news for at least some of them is that the bar in question won't be the type you lean on with a drink in your hand, as the original plan promised. It will be the sort you pull your chin up to repeatedly. Instead of turning the base-

ment into a watering hole. British Rail has shunted it off for conversion into a pay-andgrunt gymnasium. Due to open in the new year, it will be run by a newly formed company headed by chartered surveyor Peter Spooner, a former part-ner of Edward Erdman. His idea is to invite the stahis noza is to invite the st tion's 200,000 daily users to put themselves on the rack for 40-minute sessions, in return for a relatively low membership fee plus a charge for each ordeal. If the offer pulls, he intends to stretch out to other big stations scheduled

with a wince, the rejects included "The Fat Controller." Delphic

■ Representatives of top London fund-managers may recall attending a presentation by Mirror Group Newspapers' bulky advertisement director Mark Pritchett, in the Dorchester Hotel on November 13 -the week after Cap'n Bob went

far-sightedness, the event's title should perhaps have served as forewarning. It was The Missing Millions.

Bullish

Stock markets may be plunging the world over but that does not dent the confidence of Elaine Garzarelli, the Shearson Lehman quantitative analyst who jetted into London yesterday. She expects the Dow Jones index to climb from its present point below 3,000 to 3,755 within six to 12 months.

Having predicted the 1987 Crash, and baving advised her clients to buy before the 1991 New Year rally, Garzarelli's reputation is riding high. Indeed the purpose of her visit is to promote a "Garzarelli Sec-tor Analysis Portfolio" for off-

Her style and estimated \$1.5m salary have filled plenty of magazine column inches. Described as a cross between Barbra Streisand and Cher, she is certainly unlike the typical UK market analysts who tend to belong more to the John Major school of charisma.

A good contrarian would approve of her unfashionably bullish tone; on the other hand, a good contrarian would also conclude that it is about time for her forecasting reputa-tion to take a knock.

One more round Having turned round Britain's sixth biggest company, what will Anthony Tennant do for an encore? With his retirement as chairman of Guinne impending, it seems fairly clear that the well-connected

Old Etonian is in the market for one more big job before he finally retires.

Just 61, he is a stripling compared with the likes of Lords Hanson, King, and Weinstock. Having started in advertising, his great strength has been in developing brands on an international scale, at GrandMet as well as Guinnes He also seems to have been jolly good at re-motivating a demoralised business after the Ernest Saunders era.

While not contemplating another job in the drinks industry, Tennant says he hopes "something will turn up". He describes himself as a manager and although be is not keen to get involved in a lot of committee work, he doesn't necessarily rule out public-sector post. To Observer's mind, he might make a good replace-ment for Lord King at British

Airways. But that could well upset Sir Colin Marshall who obviously feels he deserves the job after his stirling work as chief executive. So what about BAT Industries, still needing a successor for Sir Patrick Sheehy?

Magic lantern How many Treasury ministers does it take to change a lighthulb? None. The bulb does not need changing. It is brighten-ing up in line with forecasts.

Much the same as you, no doubt. Half a century after the bombs rained down on Pearl Harbour Lionel Barber reflects on why many Americans fear that Japan will defeat them in an entirely different kind of struggle.

If Robert Maxwell could siphon cash from the Mirror Group pension fund, apparently behind the trustees' backs. can anybody be sure that their pension is

What is the FT getting up to this Weekend?

safe? Philip Coggan provides an answer. In Tokyo, Robert Thomson talks to... well, not God exactly, but a man regarded by his 2m disciples as much more than an ordinary mortal.

Arnold Wilson finds that danger is beautiful, especially when skiing through a network of crevasses near Chamonix.

Christian Tyler has an unbelievably lucky encounter in Salzburg on the night of Mozart's death.

Ionathan Young explains that, despite the high cost of killing them. pheasants can be had at a peasant's prices, provided you do not try to bag one in Knightsbridge.

> Weekend ${f FT}$ Saturday December 7 1991

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ent form, after 1995.

says Mr Michael Stone, chairman of the environmental committee at the British Fibre-board Packaging Association. Egged on by the blossoming green movement, European governments have been busy introducing rafts of legislation aimed at restricting the use of packaging materials and ensuring their recovery and re-use. The results have been con-troversy among politicians and

cerns largely ignored; its com-panies generally neglected; its

products taken for granted. But this truism is changing

with alarming speed. The emerging environmental debate throughout Europe has

thrust the industry centre

stage What materials compa-nies use and how their pack-ages are manufactured, distrib-uted and disposed of are

becoming issues of pressing

importance not just to environ-

mental pressure groups but to

a swelling number of consum-

ers and legislators.

alarm in many sectors of the packaging industry. Packaging products which are not easily recyclable, such as beverage cartons and PVC, have been the subject of restrictive legis-lation in the US, Denmark and Germany with potentially lethal implications for their manufacturers. The beverage carton manufacturers, such as Tetra Pak Alfa-Laval of Swe den, Elopak of Norway, and PKL of Germany, are now fiercely fighting their case with governments across Europe. While the European Commis-

sion has been agonising about producing its own packaging directive, national governments have taken decisive action. The German government has been in the vanguard of the movement to impose dards. Mr Klaus Topfer, Germany's environment minister, has launched a highly ambitious packaging initiative which effectively coerces industry into recovering and re-using ever-increasing pro-portions of packaging waste. By 1995, for example, Ger-man industry will have to collect 80 per cent of all the plastic waste produced and recycle 80 per cent of that. Similar targets have been set for board and paper packages and higher standards still for glass, tin-

plate and aluminium.

More than 440 German companies have set up the Duales System Deutschland (DSD) to establish the infrastructure needed to recover and re-use packaging waste. This scheme came into operation in July precede the release of the Com-

Packaging has long been something of an invisi-ble industry, its con-Repackaged, recycled, restricted

John Thornhill on the European battle over green legislation affecting the packaging industry

with the aim of bringing 5m inhabitants into its network

as and legislators.

"Throughout Europe the Packaging companies packaging industry is facing its the DSD to have a green dot packaging industry is facing its the DSD to have a green dot symbol attached to their productions that they can ucts signifying that they can be returned and re-used. The money raised by charging for the green dots will theoretically cover the costs of running the scheme although it is leading to higher prices in the

shops.
The system has been The system has been received with surprising equanimity by German industry, which has become resigned to dealing with a powerful green lobby, but has precipitated a furious reaction outside the country. Foreign companies which do not buy into the DSD scheme fear their products will be disadvantaged in the German market: they have comman market; they have complained vociferously to the European Commission. Many packaging companies also fear that the enormous volumes of packaging materials collected in Germany will be dumped on foreign markets, destroying the fragile economics of indige-

nous recycling systems.

The Commission has so far reacted coolly to these advances as it contemplates its own much-delayed packaging directive which will supersede national legislation. The Germans have been lobbying hard to have the main principles of their own system adopted across Europe and the second draft of the EC directive, released in September, shares many of its general premises (although differing in details). . As it stands, the EC directive has three main principles: • within 10 years the outpu

of packaging waste per head of population must not exceed 150kg a year — being the estimated average across the EC within five years 60 per cent of packaging waste by weight must be recovered by industry, increasing to 90 per cent within 10 years. within five years 40 per cent of packaging waste is to be recycled, increasing to 60 per cent within 10 years.

Packaging goes green Duales System Deutschland längets frem 1.1.93 (%). Glass 80 78 42
Tirphate 40 65 26
S Aliminium 30 60 18
Board 20 60 18
Paper 30 60 18
Plastes 30 9 Dualey System Deutschland targets from 1,7.95 (%)

mission's final draft directive a product. next year. But there is growing concern in the French and UK governments in particular that the German model may become a blueprint for EC legislation. They have been alarmed at the expense of establishing the German DSD system - estimated at DM10bn (£3.5bn) to set up and DM2bn a year to run — and fear it will lead to a substantial increase in the price of consumer prod-ucts. There are already dark mutterings in Whitehall warning of a "second Common Agricultural Policy".

Many consumer products and packaging companies have also been trying to shift the battleground for the environmental debate. They argue that recycling is not a universal panacea for Europe's packaging waste problems and suggest it is essential to assess the total environmental impact of

els of labour productivity than

here for us all to ponder.

Independent

From Mr Graham Mather. Sir, The Institute of Eco-

nomic Affairs is, of course, not a "Tory think tank" ("Tory think tank seeks constitutional reform", December 2).
Its independence allows it to

influence those in all parties with innovative ideas of inde-

pendent authors — as witness the study of constitutional reform which you reported. Graham Mather,

Institute of Economic Affairs,

London SW1P 3LB

Chris Curson

17 Woodland Way,

thoughts

They suggest, for example, that even though a beverage carton cannot easily be recycled it still compares favoura-bly with a returnable glass bottle once the total effect of manufacturing, storage and distribution is taken into

From the opposite end of the spectrum, many environmental groups are also unhappy with the proposed EC legislation, believing it does not do enough to encourage alternatives to packaging such as refillable supermarkets. As Ms Penny Walker, a campaigner at Friends of the Earth, insists: "Legislation should be about protecting the environment, not the interests of packaging companies."

In these debates one of the greatest challenges facing the architects of the EC packaging

directive is defining terms. Many of the most frequently used packaging concepts are ambiguous. Can a package that contains only 50 per cent recy-cled material be described as a

recycled package, for example?
"What exactly is a returnable package, a one-way package, a recyclable package, a recycled package? We have to think of these things in nine languages. It is not easy," says Mr Eusebio Murillo-Matilla. administrator in the EC's

waste management unit. Another complication is that solutions for packaging waste that work well in one country may not be as efficient else-where. "It depends on social, cultural and geographical conditions. We cannot go on selling one person's solution to another person's problems. Refilling all bottles can be a good solution where there is plenty of water but not where there is a water shortage," Mr Murillo-Matilla adds.

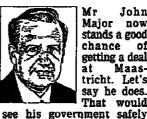
The difficulties are such that whether the EC will ever be able to produce effective legislation. Nevertheless, no company can afford to ignore environmental considerations in packaging its products. Although consumer packaging waste represents only about 2 per cent of total industrial waste it will inevitability continue to attract a dispropor tionate amount of attention from environmental groups and the general public.

It is not yet clear that "green consumerism" will be an allpervasive influence over the packaging industry in coming years. So far, the green wave has swept remorselessly in one direction but it may begin to abate once consumers and politicians appreciate its full costs. It is perhaps significant that recent French proposals on packaging waste appear to be far more flexible than the Ger-

man legislation. What may be more immediately affected by increasing packaging regulation is trade. Many companies have already lodged complaints with the EC protesting that the rigid Ger-man model threatens the free flow of goods across borders. This could become a burning issue with the advent of the single European market in 1993. It could even, perhaps, contribute to what the indus-try hopes will be a consumer backlash against tough envi-

ronmental legislation. The packaging industry has allowed itself to be laid down and beaten about the head. But if packaging legislation detracts from consumers' abil-ity to consume it will turn them against those politicians who introduced it," one indus-

Joe Rogaly Duty, not destiny



Major now stands a good chance getting a deal tricht. Let's say he does. That would through to Christmas. As to

gains from Europe he stands to lose from the recession. The prime minister is approaching Monday's summit as would a 1960s trade union leader, bargaining in public. We know where he has a mandate for compromise and where not, where the script says Britain will be flexible and where comrade John will feel obliged to growl, "I cannot agree to that; my executive committee would not accept it".

the new year - well I hate to

be a wet blanket, but what he

This strategy is of his own making. He has deliberately structured it so. Under his guidance the close-knit corri-dors of Whitehall have produced the European policy that best suits his personality It is an artificial construct, the product of collegiate gov-ernment under the chairmanship of a prime minister whose political future depends upon his ability to carry his colleagues along with him.

Every secretary of state with an interest in the treaty No 10 Downing Street, on terms acceptable to his department. The overseas committee of the cabinet, worked with its door open Invitations have been sent to all ministers with the slightest interest in the topic of the day. The foreign secretary, Mr Douglas Hurd, has run his own Maastricht sub-committee on much the same lines Ad hoc meetings of small groups of relevant ministers have worried away at sticky points.

A summary of the result carefully phrased to show where there is room for manoeuvre, was read out by Mr Major in the Commons debate on November 20. A video of his performance has since been watched at least once by Mr Jacques Delors and twice by the Dutch chairman of Maastricht, Mr Ruud Lubbers. You would think that with thing going wrong. We shall see. If there is a mishap, Mr Major will have his foreign secretary, Mr Douglas Hurd, whispering in his well-known dulcet tones in one ear, and his chancellor, Mr Norman Lamont, murmuring in his familiar melancholy way in the other. What nobody can foresee is at what point the prime minister will feel obliged to stick his hand in the air and ask for permission

to leave the room. When he does, as he surely will from time to time, it will be to telephone a colleague to ask for more leeway. There could be a need for a departure from script on, say, the social charter. In that case Mr Michael Howard, the employ-ment secretary, is likely to be telephoned. He will have to be

At what point will Mr Major stick up his hand and ask to leave the room?

on stand-by, however late the hour. Should the stumbling block be, say, industry policy it will be Mr Peter Lilley who finds his sweet midnight dreams (presumably of a sunny day when he is no longer industry secretary) rudely disturbed. Mr Hurd does not expect this to happen.
Mr Major is in this con-

strained position because the Conservative approach to any sense of historic destiny. That is for the continentals and their dreams. The Germans, with their concern about whether they can be predominant and liked at the same time, are accustomed to dialogues with destiny. They are also flexible. To them coalition politics are normal; they are relaxed when their own ministers contradict one another. The French, who believe that they have a patent on destiny, cannot foretell where their president will say it lies.

None of this applies to Britain. The nearest it has to an overview is the picture of the treaty on political union that resides in the mind of the foreign secretary, Mr Douglas

so much preparation there some small strengthening of the European union as envisaged in the Treaty of Rome in return for an entrenchment of the inter-governmental principle in what he regards as the most important areas. Thus defence, security, immigration, asylum, pan-European policing and the like will be kept outside the Brusselsbased mechanism. It is a picture designed for domestic

If this is narrow British nationalism, it has its counterparts elsewhere. Look no further than Calais. As Le Monde suggested this week, France enjoys the protection of Britain's outspoken opposition to strengthening the powers of either the Strasbourg parliament or the Brussels commission. Quite right. There is no contradiction between being a good European and wishing to avoid moving too far too fast.

There may be little that is glorious in Mr Major's strategy, but if it works it should pay political dividends. His out, seems to suit the current mood of the electorate. Headlines are already beginning to appear, suggesting an impending triumph over the word 'federal" here, a victory over the commission there Momentum is building up. He could do well out of the game,

if he does not lose his nerve before the final whistle. If he does, and the opinion polls say as much, he should consider an early election the sooner the better. For the Euro-fuss of the past few weeks has served to disguise what for the Tories should be a disquieting underlying trend in public opinion. Peo-ple have become markedly less optimistic about the future of the economy. Normally this would presage a lengthening of the Labour lead. In fact it has vanished. This is clearly due to Europe occupying centre-stage. The August coup in Moscow boosted Conservative fortunes as Mr Major hit the headlines; once that story was over Labour took the lead again. Next week's negotiations

could be creating the same distortion in what the polls foretell. Mr Houdini Major may cast aside his Europe chains at Maastricht, but the recession could put him in a Hurd. He expects it to produce box at the bottom of a lake.

Where Britain must play its role in EC employment standards policy

From Mr Chris Curson. Sir, Since your leading article dealing with the Social Charter (December 4) says many of the things on this subject that the Institute of Personnel Management has been saying for the past two years or so, I was especially pleased

Looking at all the issues to be discussed and dealt with at Maastricht, it does not take a genius to guess that the prime minister will have to give ground in some areas and that social policy may well be one

tives in these areas that has been evident in many quarters in the UK has turned out, I believe, to have been ill advised and unhelpful, as your

some of the employment issues on a community basis to achieve, as your leader said, "a framework of minimum stan-dards that individuals should be able to expect in the labour market..." If we can accept that, we have a very valid con-tribution to make in consider-The knee-jerk opposition to ing the detail so that flexibility any proposals for EC initia- is sufficiently built in not to

LBC's logging of transmissions

From Mr David Haynes.
Sir, With reference to your article, "Watchdog will investigate LBC" (November 28), I wish to point out that LBC, owned by the Crown Communications Group, is completely awars of its legal requirement. aware of its legal requirement to log all transmissions for a period of 42 days. In fact, as a news talk station where the output regularly makes the news, we keep all our material for a much longer period.

It is important that you are

aware that the Radio Authority remains entirely satisfied with LBC's maintenance of logging

From Mr Robert Wade. snare, says Martin Wolf ("Paths to progress", November 15). The governments of Japan, Taiwan, South Korea, and Singapore did practise industrial interventionism, but this does not mean that inter-vention was essential for their success. Hong Kong was suc-cessful without intervention. And insofar as intervention helped more than it hindered in the other cases, it depended on an authoritarian form of government. For countries committed to democracy, like those of eastern Europe, the east Asian model is irrelevant or even dangerous. The good news is that democracles can do just as well as authoritarians, partly because industrial interventionism cannot do

article suggests.
Achieving a playing field
that is level in every sense
must surely involve addressing

You also referred to Aspermont, the parent company of Darling Downs TV, a major shareholder in Crown. Aspermont, which is trading profit-ably, has assets well in excess of its liabilities and the Peat Marwick audit qualification on unfunded commitments no longer applies as the group has raised over A\$10m to meet its obligations. Asperment has full confidence in Crown. David Haynes, chief executive,

Crown Communications Group, Crown House, 72 Hammersmith Road, London W14 8YE

Industrial intervention does have a place in democracies

Sir, Beware the east Asian tives to different industries to sell at home or abroad.

much to foster fast growth that they hindered it. They even when authoritarian condihelped because they were

tions are present.

The argument is interesting but not convincing. In some respects Taiwan and Korea intervened at least as much as the flops elsewhere (Argentina, Brazil, India, etc.). Both have unusually large public enter-prise sectors; and their overall public sectors are larger in terms of public sector final demand than those of putatively socialist countries like India and Tanzania. They and Japan actively managed their trade, giving different incen-

Given that these countries have had the best growth records in the world it is more plausible that their industrial policies helped growth than

Bank should pick up the BCCI bill From Dr Adil Elias.

Some cost is, of course, likely to attach to most propos-Sir, Of course Bank of Credit and Commerce International depositors were angry to learn that the costs of liquidating als to underpin employment rights, and such costs need to BCCI may amount to about one-third of the remaining be watched carefully. But employees will in future expect assets ("BCCI provisional liquiimproving standards in the field, and other European comdators run up costs of \$200m" petitors do not appear to find improving standards here incompatible with higher lev-December 3).
They were even angrier to

have confirmed in court that a fraudulent institution headquartered for most of its life at our own. Perhaps there is a model 100 Leadenhall Street spirited more than \$10bn of its deposits from under the nose of its principal regulator, the Bank of

As you wisely said in your recent leading article ("A failure of supervision", November 18), UK bank regulation has all, UK bank regulation has failed us. If we cannot be adequately compensated, the least the Bank of England could do would be to pick up the fees and costs of the liquidators clearing up the mess.

Adil Elias,

BCCI Depositors' Protection Association, 11th Floor, Station House Stonebridge Park Wembley, Middx HA9 6DE

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designed to enhance competitiveness and made conditional upon performance, in a way that similar policies elsewhere have often not been. And they operated through markets rather than central allocation, but markets which were "distorted" to secure resource allo-

ment's view of the appropriate trade and industrial profile. Hong Kong supports the case that industrial intervention practised in the other cases did make a difference. The Hong Kong government has done very little to protect and promote Hong Kong industry. And Hong Kong industry has not been very successful compared with the others. In recent decades it has remained stuck

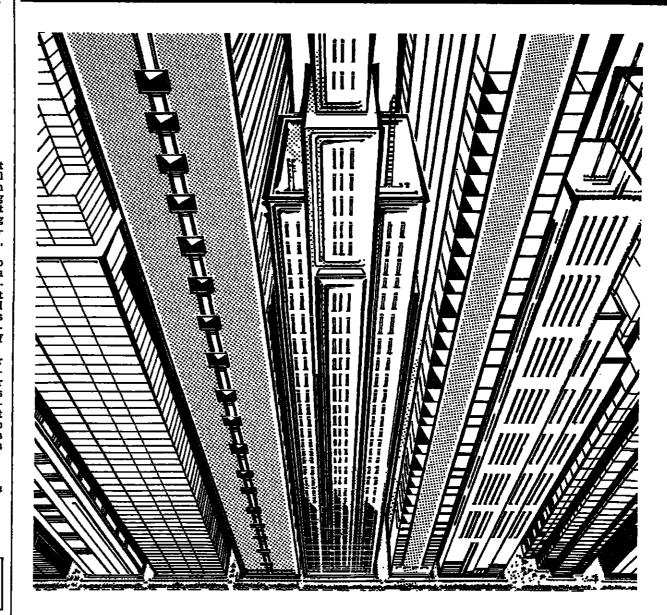
cations in line with the govern-

at the low-end range of indus trial products, clearly not on the same trajectory as the oth-

All the main examples of 19th- and 20th-century "catch up" have pursued a strategy of protection and other forms of promotion. Mr Wolf should tell us and the east Europeans which substantial, non-oil countries made significant relative gains without selective industrial intervention. Effective selective interven-

tion is possible in a democracy, as in Japan. But to take the debate forward we must distin-guish between types of "democracy" (as well as types of "intervention"). Robert Wade, Institute of Development

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Transportation secretary Skinner takes over in the Oval Office



Team player: Samuel Skinner, a moderate who has good

Bush names White House chief of staff and election team

PRESIDENT George Bush yesterday appointed Mr Samuel Skinner, the transportation secretary, as White House chief of staff in place of Mr John Sununu, the pugnacious for-mer New Hampshire governor who resigned earlier this week. Mr Bush also named his ampaign team in an effort to bring new momentum to his tic and economic policies and to halt the impression of disarray that has dogged the White House in recent weeks. The re-election effort will be led by Mr Robert Mosbacher the commerce secretary. Mr

Robert Teeter, a leading poll-ster, becomes Mr Bush's chief political strategist, and Mr Fred Malek, a businessman, is named as campaign manager. The new White House team is expected to seek to capitalise on the perception that Mr Bush is taking charge of his domes-tic agenda by effectively firing Mr Sununu, even if there will be little substantive change in

the administration's policies. The White House in the last few months has been assailed

voters' concerns, driving Mr Bush's opinion poll popularity ratings down by more than 20

percentage points.

Conservative Republicans –
mostly in Congress but including Mr Jack Kemp, the housing

budget deal fight..Page 5

and orban development secretary - have urged Mr Bush to take immediate action to stimulate the economy.

Mr Bush's decision to delay any such action until January, coupled with a number of unwise moves such as the can-cellation of a trip to Asia and an ill-considered call for lower credit card interest rates, high-lighted an apparent lack of direction on domestic issues. Mr Skinner, whose career has included spells as a top salesman at International Busi-

ness Machines, is a tough federal prosecutor and a successful mass transit manager. He is

nanner to the White House. Unlike Mr Sununu, he is reck-oned to be a team player, and with Congress and with the rest of the administration.

Mr Skinner is a moderate whose association with Mr Bush dates back to 1980, when he managed his Illinois elec-tion campaign against Mr Ron-ald Reagan. Although Mr Skinner lacks his predecessor's conservative credentials, he is not expected to be opposed by the Republican party's vocal

right wing.

Mr Bush has faced mounting difficulties with conservatives, culminating in a rank-and-file rebellion in Congress last month when half the Republicans in the House of Representatives urged him to put Mr Kemp in charge of domestic faction has also led Mr David Duke, the former Ku Klux Klan leader from Louisiana, and Mr Patrick Buchanan, the rightwing commentator, to challenge Mr Bush for next year's Republican nomination.

Argentina's inflation rate falls to 20-year low

By John Barham in Buenos Aires

ARGENTINA'S inflation rate, once the world's highest, has fallen to its lowest level for 20

Retail prices rose by just 0.4 per cent in November, much less than expected, and equivalent to an annual rate of under 5 per cent. This contrasts with record hyperinflation of 4,923 per cent in 1989, President Carlos Menem's first year in

The inflation rate fell to 1,344

cent for the whole of this year. The progressive curbing of Argentina's inflation level is further evidence of the success the free-market policies of Mr Domingo Cavallo, the econ-

It also repres victory for Mr Menem, following his successful visit to Washington last month and a strong showing by his ruling Peronist party in recent midterm gubernatorial and congressional elections. The president meanwhile appears to

scandal involving members of his family which came to a head earlier this year.

since early this year as the government reduced its budget deficit, brought down import barriers and struggled to sup-press distortions in the domestic economy. Inflation slowed sharply in April after Mr Cavallo established a fixed exchange rate and made the austral, Argentina's currency, fully convertible.

ures will strengthen Mr Cavallo's hand in negotiations with the International Monetary commercial banks next week. Mr Cavallo and senior advisers are expected to continue discussions on a three-year IMF loan and open preliminary talks on restructuring the \$35bn owed to private banks. Mr Menem yesterday predicted inflation next year would be 7 per cent. Independent analysts expect the figure

add that wholesale prices fell by 0.8 per cent in November, indicating that industry is responding to competition

from imports.

Ms Debora Giorgi, a business consultant, said: "Inflation of around 1 per cent a month is sustainable next year. Wholesale prices should rise by 7 per cent, reflecting greater produc-tivity in local industry. Investment should rise to 14 per cent of gross domestic product from 10 per cent this year."

Private UK company raising funds to build rail line to Channel tunnel

By Richard Tomkins, Transport Correspondent

A PRIVATE company has started raising funds in the City to build Britain's first new main line railway for nearly a

century.

The £2.1bn line, which is intended mainly for freight, will extend 180 miles from Leicester in the East Midlands region of England through west London to the Channel tunnel. It should open in

Central Railway Group, the company planning the line, aims to take freight off the roads by transporting loaded lorry trailers on piggyback wagons between Britain and continental Europe when the

Channel tunnel opens.
British Rail will not be able to compete in this market, either with existing lines or the planned Channel tunnel high-speed link, because rail wagons carrying loaded lorry trailers are too tall for its

for the project through a pri-vate placing of shares with financial institutions. This will keep the company Leicester going while it seeks parliamen-tary powers to build the line. It then plans to float the company on the stock market to raise the £2.1hn construction costs and a further £1bn to cover interest charges and inflation.

The project was conceived by Mr Andrew Gritten, Central Railway Group's founder and

Mr Gritten, 38, is a former political analyst who wrote a pamphlet on railway privatisation while working as a researcher at the Centre for Policy Studies.

The company's financial advisers are Robert Fleming, the merchant bank, and County NatWest Wood Mac-Central Railway Group's line

kenzie, the stockbroker. bridges and tunnels.

Central Railway Group is raising £5.5m of seed capital line from Leicester to Rugby

the condition that the Maxwell

private companies put up col-lateral to cover the loans. From the middle of the year,

Mr Robert Maxwell started to

Maxwell fell to his death a

month ago.

Potential bidders are already lining up for MGN, owner of

sell much of this collateral.



It will then run alongside existing BR tracks through Willesden, Kensington and Clapham in London to Redhill, Tonbridge, Ashford and the Lorry trailers will join and leave the trains at terminals in

Other operators' trains,

Leicester, where there are good motorway links, and west Lonincluding passenger trains, will be welcomed on its tracks. Central Railway Group's plans are in line with the UK government's determination to deregulate Britain's railways and encourage private sector participation in invest-

The company has a letter from Mr Roger Freeman, public transport minister, expressing his interest in the project and saying he welcomes the involvement of private capital in the railways.

• Mr Malcolm Rifkind, transport secretary, said yesterday that his department, the environment department, and the Treasury, were discussing a possible freight role for the planned high-speed link between London and the Chan-

nel tunnel. He also intended to appoint a merchant bank early in the new year to advise on "the best way in which to hand the project over to the private sector in

compromise areas clear

Continued from Page I elsewhere in the treaty to get the "federal" reference struck out. But a senior Dutch official said Denmark was doing Britain's work for it in fighting the reference.
Nonetheless, UK officials

the words "federal goal" would only be settled in the context of the related row over the terms on which the Maastricht treaty might be reviewed in the mid-1990s. The final treaty draft still says there should be a review in 1996 "to reinforce the union's federal character". The Dutch presidency hinted that the compromise on social policy, which it will float at Maastricht, will be aimed at defining precisely which areas of legislation covering "condi-tions of work" would be voted in the Council of Ministers by majority. One suggestion is that any laws governing work-

A tough clash is shaping up next week over the demands

But the Dutch presidency appears to consider that he is, in the last resort, bluffing. An official said: "If Maastricht fails on this issue, Spain knows there would not be any new EC funding package next year".

The final round of top-level contacts starts today span Man.

forecast that the dispute over ers' physical conditions would be passed by majority voting, but anything affecting their general welfare would stay subject to unanimity.

This would be a move in the right direction, the UK official said. But the UK government had also objected to new areas of social policy being brought within the EC's remit.

A touch place is sharing up

by Spain and other poorer countries for treaty amendments calling for richer countries to contribute more to the EC budget and poorer ones to receive more. The Spanish prime minister, Mr Felipe Gonzalez, has threatened to veto the treaty.

But the Dutch presidency

contacts starts today when Mr Ruud Lubbers, the Dutch prime minister, will meet five

All Maxwell assets up for sale

Continued from Page 1 companies. It emerged yester-

day that the main lenders to MCC, led by Credit Lyonnais of France and Swiss Bank Corporation, have appointed Price Waterhouse, the accountancy firm, to assess the value of MCC. The banks said they would make no decision on whether MCC should also go into administration until they

had the PW report.

Three MGN directors independently confirmed that the Maxwell brothers' signatures were on documents authorising the transfers. Mr Charles Wilson, MGN editorial director, said the total value of cash and securities removed from the MGN pension fund was calculated to be in the order of

There is no implication that these loans were illegal. Howthe Daily Mirror.
Pearson, the publishing, banking and industrial group

which owns the Financial Times, is interested in purchasing the majority stake in the Mirror newspapers. The main titles in the MGN group are the Daily and Sunday Mirror, The People and the Scottish Daily sell much of this collateral.

Everything within the private empire is for sale, said Mr
Talbot. Its assets include 68 per cent of MCC, 51 per cent of MGN, 6 per cent of Newspaper Publishing, owner of the Independent, a British broadsheet Record and Sunday Mail.

Mr Frank Barlow, Pearson's chief executive, is already looking seriously at the opportunity of buying the control-ling MGN stake with the knownewspaper, 10 per cent of Henry Ansbacher, the mer-chant bank, and the Lady Ghis-laine, the yacht from which Mr ledge of Lord Blakenham, Pearson's chairman. But the issue has not yet gone to the Pearson board.

Bertelsmann, the international media group based in Germany, is also believed to be interested in MGN group.

Through its Grüner & Jahr subsidiary, it already owns women's magazines such as Prime and Best in the UK. The Pearson chief executive believes that an acquisition of a controlling interest in MGN could satisfy British Monopolies and Mergers Commission regulations designed to prevent undue concentration of newspaper ownership. Pearson owns only one national news

Many UK groups such as The Guardian, The Observer and Mr Conrad Black's Telegraph Group are keeping a watch on developments. The name of Mr Kerry Packer, Australian businessman, has been mentioned but he is thought unlikely to come

Maxwell's sheep

and goats

The collapse of the Maxwell family leaves the administrator in the curious position of running two large publicly quoted subsidiaries, Maxwell Communication (MCC) and Mirror Group. The collapse does not change the position of the Mirror, which remains an apparently healthy company despite the fact that its profits will be badly dented for the foreseeable future. For MCC, the position is more complex.

Like the Mirror, MCC has

Like the Mirror, MCC has lost more than £300m in cash and pension fund assets. Its ability to sustain that loss is very doubtful. But from the viewpoint of its outside shareholders, its position is, in one sense, improved. The chief con-cern of the Maxwells, latterly at least, was to extract cash from MCC to shore up the private side. For the administrator, the reverse is the case: his priority is not income but realachieved by keeping the com-pany in one piece and selling its shares. However low the market value, it still represents a premium over liabilities,

wintually ensure a deficit.

The snag comes with MCC's bankers, who would doubtless regard any residual value in MCC as their entitlement. Receivership looks on balance unlikely, at least for a while. Having taken a caning on something over £800m of Maxwell debt yesterday, the banks will be in less of a hurry to bite the bullet on well over £1bn of MCC debt as well. An alterna-tive approach would be a capi-tal reconstruction which would erase shareholder value but leave the banks with responsibility for the debt. For the administrator, that would doubtless be a painless solution. As for the shareholders, they could scarcely say they

Currencies

had not been warned.

The trouble with the Bundes-bank's decision not to raise interest rates yesterday is that the uncertainty remains the same. Perhaps Mr Helmut Schlesinger was persuaded to wait until after Maastricht during his morning visit to the politicians in Bonn. Perhaps the Bundesbank worried about raising rates when the Fed looks headed for another eas-ing, and when the German economy too is starting to show unmistakeable signs of weakness. Perhaps the con-tinuing threat of higher rates is a greater stick for German wage negotiators than its actual implementation. FT-SE Index: 2,407.0 (-16.8)

Whatever the case, German money dealers continued to discount an eventual rate increase last night. Another certainty is that the 1992 money supply target is tight. It allows for inflation of just 2 percent, a level which Mr Schlesinger already admits is unlikely to be met. That now matters less to the rest of the world than whether or not the world than whether or not the Lombard rate rises by '& point over the next few weeks. The new target leaves little room for ease even as the slowdown

The implication for the UK is that German policy will remain a constraint well into next year. Sweden's six-point-rate increase yesterday is a lea-son of a different kind. The parallel with sterling should not be taken too far, since Sweden is wholly outside the European system and operating a voluntary narrow band without network support. But its experience shows that fending off a concerted attack by currency speculators takes more than the odd half point on rates — a point which Mr Major might throw into the calculation of how much isolation he can afford after Maastricht.

Markets

For the London equity market, the effects of the Maxwell affair are strongly reminiscent of the Polly Peck collapse 14 of the Polly Peck collapse 14 months ago. Then as now, bank shares are edgy and the bear raiders are on the prowl. Then, dodgy shares like Brent Walker collapsed and sounder companies like P & O were beset by hostile rumours. Yesterday's example of the latter down by almost 30 per cent over three days on the appar-ent grounds that, like Mr Rob-ert Maxwell, Mr Rowland is an elderly entrepreneur.

Though the market's overall nervousness will pass, it is likely to persist for individual stocks. It was several months after Polly Peck, for instance, that the RET price collapsed. On one view, the activity of the bear raiders creates bargains. times pretty accurate: a lead-ing sufferer from bear raids at-the time of Polly Peck was Maxwell Communication.

NSIDE

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Shareholders will not easily forget Pilkington's acquisition record or its hasty expansion-ism in the late 1980s. In a sense, however, such errors are siready history. Now that a belated conversion to changed circumstances has been made, the issue is how quickly cost can be extracted from the business. Yesterday's half-year results to September were mildly encouraging in this respect; pre-tax profits were halved at £51m but, as a 9 per cent jump in the share price implied, this was a lot better than market expectations. The main surprise was the speed of the action taken to get Vision-care and the IIS operation back. care and the US operation back into the black.

Like most stocks in the building materials sector, though the share price cur-rently hinges on the dividend. While this will be uncovered for another couple of years, the more important consideration is likely to be cash flow. It is just possible, for example, that and a firm squeeze on working a capital the company could afford to pay a maintained final this year and remain cash-neutral. On the crucial assumption that the board can restrain itself from embarking on another capital spending splurge, the position should be healthier in the medium term. The uncertainties are as great as ever, but Pilkington is a bet-ter gamble than many for the income funds.

mastering the art of the cross-border takeover. Yesterday's decision by the Agnellis to make a full offer for Exor not just the partial bid required under French law — looks like a clever way of bol-stering local pride. It can hardly be seen as a major blow. for outside shareholders, though, when the whole deal is designed to secure control of Perrier through Exor's 35 per cent stake in it.

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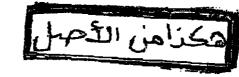


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FINANCIAL TIMES COMPANIES & MARKETS

Friday December 6 1991



German

falls 35%

METALLGESELLSCHAFT, the

German metals, mining, and

engineering group, suffered a 35 per cent fall in pre-tax profits to DM316m (\$190m) in its past

financial year to September 30, 1991, but said it hoped for improved results this year.

The company, which has been moving strongly into environmental activities, blamed the fall

on metal prices, the worsening automobile market and the

metals

group

By Andrew Fisher

in Frankfurt

INSIDE

Oftel to seek tighter regulation of BT

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Tighter regulation of BT's £1.35bn-a-year equipment supply business to prevent anti-competitive cross-subsidies is expected to be announced today by Offel, the UK industry regplator. It has drawn up a statement on the subject which it plans to publish only hours before institutional investors have to put in their final bids in the government's £6bn (\$10.7bn) BT share sale. Paga 29

Receivers called in to Alan Paul Two years after the

an

hairdresser Alan Paul came to the **Unlisted Securities** Market in London. the receivers have been called in. Everything about the

company has moved at top spe company has moved at top speed, from the tounder's steek red Ferrari — licence plate USM 1 - to the recent swift change in chairmen. Peggy Hollinger looks at the demise of what London brokers once described as "a snip" and a "stylish number". Page 31

Zenith drifts south

Zenith Electronics, the last American manufactorer of televisions, plans to shift the operations of its last US television assembly plant to Mexico. The company acknowledges that the move will leave only "knowledge workers" north of the Rio Grande. Page 26

Russian roulette in banks



The financial chaos of the Soviet Union - with a plunging rouble, rapid inflation, debt-servic-ing difficulties, and plans by various republics to introduce their own currencies - has made commercial banking in Russia little more than a game of Russian roulette. Such an assessment, by the deputy chairman of the country's central bank, might easily apply to the entire banking system in the former USSR. Page 28

Cracks in the milk cartel

Progress towards reforming Britain's antiquated milk-marketing system has been slow for the last two years. But the threat of European Court action could break the 60-year-old cartel at the scheme's centre. Page 32

After an unimpressive performance this year, the prospects for Taiwan's stock market in 1992 are looking decidedly better. Analysts

blame this year's lethargy on the opening of the state-dominated banking system to private

Kick-start for Norway The deepening crisis in the Norwegian banking system has created big problems for the country's credit institutions. Page 25

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plans Vietnam brewery By Ronald van de Krol in Amsterdam HEINEKEN of the Nether-

STHE FINANCIAL TIMES LIMITED 1991

Heineken

lands, the world's third-bigges hrewery group, yesterday signed a contract to build and run a beer brewery near Ho Chi Minh City, making the Dutch company group to begin local production in Vietnam. the first international drinks

Its vehicle for investing in Vietnam will be Asia Pacific Breweries (APB), a joint venture between Heineken and the Singapore drinks group, Fraser and Neave. APB, which will own 60 per

APB, which will own 60 per cent of the new brewery, plans to invest \$25.5m in the project. Its local partner, Foodstuff Company II, owned by the Ho Chi Minh city government, will hold the remainder and invest a sum in local currency proportional to its shareholding.

The new brewery, to be called Vistnam Brewery, is expected to begin production in late 1993 with an initial capacity of 30m litres a year. At first it will concentrate on producing Tiger, an

centrate on producing Tiger, an APB brand, with Heineken production to begin at a later

Except for interruptions caused by government decrees, Heineken has exported to Viet-nam for decades. In 1990, it captured 60 per cent of the country's imported beer market, with Tiger accounting for a further 30

Vietnam, which is opening up to outside investors, has only two breweries, both owned by the state. Lack of supply and low purchasing power have com-bined to limit beer sales to 1.2 litres per person, against an average of 90 litres in the Netherlands.

The Dutch company has spent two years negotiating the Viet-nam deal, and is looking forward to the project with "pioneering spirit", a spokeswoman said. Heineken generates most of its

sales in Europe. The company's sales in the regions of Asia and Australia, while still small as a percentage of the total, showed the strongest growth of any region last year, climbing 27 per cent compared with just 4.5 per cent in Europe. Heineken owns stakes in breweries in Indonesia, Malaysia, New Zealand, China and Papau New Guinea.

Separately, Heineken confirmed a report it was consider-ing selling two of the four breweries owned by El Aguila, its 52 per cent-owned Spanish subsid-iary. The two candidates for divestment are the smaller of the four and are located in Zaragoza

Chairman announces formation of three subsidiaries

IBM begins restructuring

INTERNATIONAL Business Machines (IBM) yesterday announced the formation of three subsidiary companies and a broad restructuring as it implemented sweeping changes in its

"This is only the beginning," stressed Mr John Akers, IBM chairman Ultimately, he aims to redefine the structure of the entire corporation, the largest computer company in the world. Mr Akers announced the formation of an independent subsidiary company to take over IBM's computer printer operations and another to be responsible for

data-storage products.
IBM formed a US subsidiary called Employment Solutions to handle personnel hiring and

mcovered interim dividend.

However, Pilkington emphasised trading remained difficult.

Sir Anthony Pilkington, chairman, said 5,000 jobs were shed

worldwide in the past 18 months

and this process would continue. In October the group said it would make a further 750 people redundant at its base in Mersey-

side, and establish a European

headquarters for its glass operations in Brussels.

£1.33bn in the six months to Sep-tember 30. Restructuring costs of

24m were taken as an exceptional item. Sales in UK flat and safety glass were bit and trading profits

collapsed by £24m, although the group made a small undisclosed

return. German sales increased sightly but European operating profits – including the UK – fell from £70.7m to £33.4m.

North American sales were

lower and trading profits fell

from £15.4m to £6.5m, but in the US increased sales of vehicle

glass helped Libbey-Owens-Ford

recover from last year's second-

Visioncare, the group's US eyecare subsidiary, moved from a second-half loss to profits of £13m

compared with £12.2m after cut-

ting 30 per cent of the workforce. The group's tax charge of 230.4m (£37.8m a year earlier)

Group turnover fell £22.5m to

(\$39.56m).

related services for IBM and potentially other companies. These units are the "models" for the future structure of IBM's business, said Mr Akers. "Over time" IBM will transform more of its product groups into subsidiary companies, Mr Akers said. In addition, the company will spin off additional administrative ser-

vices into separate companies, he Providing details of the broad restructuring plans announced last week, Mr Akers amounced organisational and management changes in its personal computer, mid-range computer, large systems and technology products businesses, which together repre-sent the bulk of IBM's hardware

IBM also detailed new management and measurement systems for all IBM business units. "The new organisations will be on the leading edge of the changes," Mr. Akers said, "but the new managewill apply to all of IBM's businesses, making each one more

"We are going to push the pace [of reorganisation] as fast as we can," he said. The main chal-lenge, he acknowledged, will be to persuade IBM employees to "develop the conviction that I have, that this is the right direction for IBM".

Some segments of IBM's business will move faster than others toward independence. While

computer operations, for example, will be approached conservatively, the personal computer business, is to be rapidly restruc-

IBM does not anticipate further reductions in its workforce as a result of the organisational changes, beyond the 20,000 job cuts that it has already planned for 1992.

"If we are successful; if we gain market share in 1992 and out-grow the industry modestly, we will be well balanced in terms of personnel," said Mr Akers. He warned, however, that if the computer market remains stagnant next year "the full-employment policy that we have enjoyed will be on the table".

weakness of the world economy.

Demand for non-ferrous metals grew more slowly than produc-tion, while supplies of alumin-ium and lead from eastern Europe also depressed the mar-

ket.
The lower profits came in a year of expansion for the group, whose acquisitions included the whose acquisitions included the German engineering activities of Davy of the UK and the larger non-paper business of Feldmühle Nobel. It also reorganised its mining interests - held through the Toronto-quoted Metall Mining - leaving it with 14 per cent of Vancouver-based Teck, 14 per cent in MIM, the Australian metals and seed and see als and coal producer, and 5 per cent of Cominco, the Canadian mining concern.

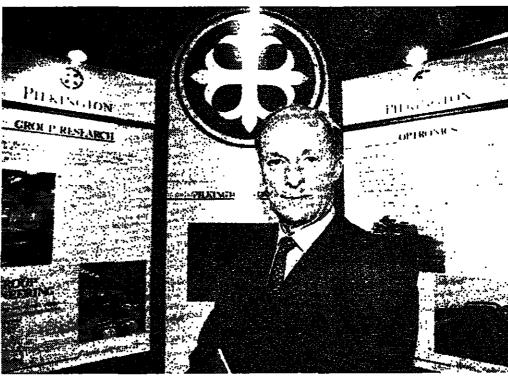
mining concern.
Group turnover rose 7 per cent to DM21bn last year, with capital spending up by 40 per cent to DM1.2bn. Much of the increases reflected the consolidation of Norddeutsche Affinerie, its German copper refining operation.
The company said the DM1.45bn purchase of the Feldmühle activities from Stora of Sweden would take effect from

Sweden would take effect from January 1, 1992. Metallgesells-chaft will hold 80 per cent and Deutsche Bank and Dresdner Bank 10 per cent each. The busi-nesses include Buderus (building materials, heating and kitchen equipment, and stainless steel goods), Dynamit Nobel (explosives and plastic), and Stora's industrial ceramics and engineering plastics division.

The group said the weakness of metal prices and the dollar had continued at the beginning of the 1991-92 financial year, with no recovery in sight in the US and UK after the Gulf war. The state of eastern European economies was also having a dampening effect, although Ger man unification had helped some industrial sectors.

Trading and financial activities had experienced lower prof its last year, as had Metali Min-ing. Kolbenschmidt, its quoted motor components subsidiary. felt the impact of the poorer automobile market in the US, Brazil and western Europe.

UK-based glassmaker beats expectations and maintains dividend Pilkington shares rise SHARES in Pilkington, Europe's leading glassmaker, rose 10p to 121p yesterday in spite of a halving of interim pre-tax profits by the UK-based company to £50.6m as profits halve to £51m The results were better than analysts' expectations and the market was encouraged by the group's decision to maintain an



Sir Anthony Pilkington, chairman; continuing to cut costs

were under severe pressure.

represents a rate of 60 per cent, compared with 42 per cent at the year-end in March. The group Sir Anthony said: "With no evidence of an immediate upturn, and uncertainty over the rate of said the higher rate was due to unrelieved Advance Corporation Tax, which could not be recov-

ered when its UK businesses ate prospect is one of further cost reduction and tight control of expenditure."

Capital spending is likely to fall by £100m in the current year, although spending on research

and development rose from £27.8m to £30.9m in the half-year. Earnings per share fell from 7p to 1.6p, but the interim dividend Lex, Page 20

GrandMet beats forecasts with 4.8% increase to £963m

GRAND METROPOLITAN, the international food, drinks and retailing group, beat market forecasts with a 4.8 per cent increase in pre-tax profits from £919m (\$1.6bn) to £963m for the year ended September 30.

Adverse currency translation reduced taxable profits by £28m. Sir Allen Sheppard, chairman and chief executive, halling the results yesterday as evidence of the group's all-round business strengths, confidently predicted further progress in 1992 in spite of testing economic conditions. Shares in GrandMet, which is lifting the dividend by 11.3 per cent to 22.7p with a final payout of 14.3p, closed unchanged on the day at 846p in London. Sir Allen said the group's busi-

ness portfolio was now "in good shape" and growth potential had been improved by recent dispos-

als and acquisitions. Overall organic growth in trading profits during the year had been 10.4 per cent - with growth rates of 16.6 per cent in food and 11.3 per cent

Any further acquisitions, he indicated, would be "smaller addons" directed towards strengthening the food and drink busi-

only 35 per cent of the spirits market, the group sees further opportunities for the friendly acquisition of brands.

The Inntrepreneur pubs joint venture with Courage lost £22m but Sir Allen said it was "on

nesses. "We are not in the business of sudden shocks." With the top four international drinks groups still controlling

Robust performances by the food and drinks operations drove overall trading profits 11.7 per cent higher to £990m from £886m. The only disappointment came from Pearle eyecare chain where a 15 per cent fall in sales led to a £7m loss. Sir Allen said the stores had suffered from the US squeeze on consumer spending. "Once the recovery starts, there should be a dramatic swing in the business."

course" to profitability. Group borrowings have been reduced from £2.89bn to £2.59bn and gearing, down from 84 per cent to 75 per cent, will be fur-ther reduced to 61 per cent by the

\$400m proceeds from the sale of Express Dairy and Eden Vale. Sir Allen said the \$50m owed to GrandMet by Brent Walker over the sale of William Hill bookmak-ers had been kept on the books. "Brent Walker does owe us £50m. That's confirmed." He dismissed Brent Walker's claim against the group as "plain nonsense". Details, Page 31

BAe and Matra group plan space link

By Paul Betts, Aerospace Correspondent

BRITISH AEROSPACE (BAe) is negotiating merging its space activities with those of Matra Marconi Space, a joint venture between the French Matra defence and electronics group and the UK General Electric

The move reflects BAe's strategy of concentrating on its core defence, aircraft, car and construction businesses. The company said it was reviewing all activities outside its principal businesses when it launched a controversial £432m (\$764.6m) rights issue three months ago.

Negotiations over the company's space activities are also the first tangible sign of a rapprochement between BAe and GEC, the biggest UK defence contractors. GEC was seen as a possible bidder for BAe after the company was shaken by a top manage-ment crisis and its flopped rights issue. But GEC subsequently said industry around two groups. it had no hostile intentions towards BAe.

In its rights issue document, BAe said its space and regional aircraft businesses operated in sectors needing rationalisation. It said that even before its manage ment crisis, it had been talking to potential partners.

However, negotiations on a rationalisation of the company's space activities appear more advanced than those on its regional aircraft operations.

BAe, which already had links with Matra in the space sector, was approached by the new Matra Marconi Space group before the company's recent management upheaval. The talks now appear to have gathered momentum reflecting not only the new BAe rationalisation strategy but also growing consolidation of the European space and satellite

GEC decided to pool its Mar-coni space activities with those of the French Matra group to form Matra Marconi Space company last year, Matra and Marconi are also in advanced negotiations with ANT, the space subsidiary of Bosch of Germany, to join

their space group.

Another European space part-nership has been formed led by Aerospatiale, the French aerospace company, and Alcatel, the French telecommunications

Apart from its negotiations with Matra Marconi Space, BAe is also poised to announce a reorganisation of its defence operations. The company plans to integrate its Royal Ordnance armaments subsidiary with its other defence activities including military aircraft and guided



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COLLAPSE OF THE MAXWELL EMPIRE

ARTHUR ANDERSEN & CO, SC

Robert Peston examines the worrying imbalance between the private companies' assets and their liabilities

Tensions over Mirror's future

By ivo Dawnay, Political

AS THE so-called Mirrorgate scandal unravelled further yesterday, Labour MPs had at least one thing for which to be truly thankful – Mr Neil Kin-nock's tribute to Mr Robert Maxwell last month had been considerably less effusive than that of the prime minister.

The party leader's ambiva-lence was understandable. Relations between the two had never been close and Mrs Betty Maxwell, the tycoon's widow, had privately expressed her dislike of the man whom her husband's newspapers so avidly champi-

oned.

Despite the public bonhomie, Mr Maxwell's relationship with the party he once represented as MP for Buckingham was always tense. But when he bought the staunchly pro-Labour Mirror Group from Reed International in 1984 the Reed International in 1984, the majority view was that the party had better make the best of it.

As Mr Tam Dalyell MP, a close if critical friend of the entrepreneur, put it yesterday: "The view was: he may be a bastard, but he's our bastard." basiant, but he's our basiants for many other party mem-bers, however, Mr Maxwell's proprietorship of the only Labour voice in the tabloid press was a mixed blessing or

And when Mr Peter Hain, the Labour MP for Neath, rose state that the future of the Daily Mirror was now "in hock to City splvs and business tycoons" the silent embarrassment on his own benches was only matched by the ironic jeers from the Tories.

Many have long suspected that Mr Maxwell had always used Labour to more effect than the party had used him. The long-running industrial dispute at his Pergamon publishing company had forced those that wished to drink his champague at party conferences to cross a picket line.

Moreover, his apparent gen-erosity was, officials now claim, strictly for the cameras. Shortly after he took over the papers, he had flamboy-antly wielded his chequebook to win friends and influence. Speaking from the floor of the Blackpool conference, he ledged to match all the conpledged to match an the con-iributions from delegates penny for penny. It cost him something over £30,000.

Though he made a similar bravura gesture at the conference the following year, the promised cheque never fol-

For Labour now, the future of the Mirror is a matter as urgent as the plight of its pen-sioners. Stunned MPs are terrified by the prospect that a Tory buyer could break what is now nearly helf a century of loyalty to their cause.

The Daily Mirror's adoption of the Labour cause began in earnest in 1945 when journalistic giants like Hugh (now Lord) Cudlipp, Richard Cross-man (later a Cabinet Minister) and William Connor (the columnist Cassandra) took up the paper as the champion of the British serviceman.

The Mirror remains a stalwart hastion to Labour - a crucial symbol of the party's right to a place at the top table of the media establishment and hence, the establishment of the nation at large.

As Mr Joe Haines, the paper's principal political columnist, underlined yesterday: "Potential buyers should understand that our success and our profits are due to our traditions and to those who uphold them. Tinker or tamper with those and an asset could disappear over-

Yet he also conceded earlier in the same column that he who pays the piper calls the tune. It is ironic that those who played the loyal Labour tune that Mr Maxwell called may now find they have also ended up with the bill.

Wreckage is likely to claim some victims

pride of place in the ante-room to the neo-Gothic conference hall at the Chartered Insurance Institute in the City of London.
There was no more appropriate setting for Mr John Talbot, a partner of Arthur Andersen, the accountant, to spell out how he intends to rescue what he can from the wreckage of the Maxwell family's private

He was appointed yesterday as administrator of Headington investments and Robert Maxwell Group, the two master companies of the family's private empire.
As such, his job is to recoup

as such, his job is to recoup
as much as possible for all
creditors. The main creditors
are banks, the Maxwell public
companies — Mirror Group
Newspapers and Maxwell Communication Corporation — and
their remains funds their pension funds. The outlook for all of them is

bleak. Mr Talbot estimated that creditors are owed £1.4bn in total, of which £800m is owed to the banks. However, estimates by the banks, advised by Coopers & Lybrand Deloitte the accountant and Deloitte, the accountant, put the respective figures at £1.6bn

Mr Talbot refused to be drawn on the precise value of the private companies' assets, except to say that they were "significantly less than liabili-". However, a fortnight ago the banks were provided with estimates of the net worth of the private empire by Coopers and Bankers Trust, the US bank, which were both working for the Maxwell brothers, ian and Kevin.

These preliminary figures may err on the side of optimism, since the family was try-ing at the time to make a case for why the companies should However, they form the most John Talbot (right) and Tony Brierley, joint administrators: to the pump with a brief to rescue what is possible

There are approximately 400 companies within the private empire. Their assets fall into five main categories: • Shares in Maxwell Communication Corporation;
• Shares in Mirror Group Newspapers; ● Property;

 Minority holdings in several companies, such as 10 per cent of Henry Ansbacher, the merchant bank, and 6 per cent of Newspaper Publishing, pub-lisher of The Independent: Interests in about a dozen operating companies, notably The European, the ambitious pan-European newspaper, The New York Daily News, the US tabloid acquired in March, and

research company, most of which was sold in September; Mr Robert Maxwell's yacht the Lady Ghislaine, the corpo-rate airplane and some helicop-

Bankers Trust told the banks that the operating companies, freed of all debt, may be worth £200m. That may be too opti-mistic, since The European is

However, Mr Talbot pointed out that there had been "a turnaround" at The Daily News, which was making losses when Mr Maxwell bought it. However, figures are not available to make a meaningful actimate of its volve. out that there had been "a

ingful estimate of its value.
Nor is it clear whether the administrators will find it easy

the rump of AGB, the market research company, most of which was sold in Sentember However. Mr Talbot pointed to sell The Daily News, following its decision yesterday to make a Chapter 11 filing under US insolvency law, protecting it from its creditors. As for the minority holdings,

they are probably worth more than £50m but less than £100m. Then there are the proper-ties. The main properties are the Mirror Group offices at the Mirror Group offices at Holborn Circus and a separate property in London's Hangar Lane. These were valued in October at about £140m. On top of this, there is an office building in Worship Street in the City, probably worth £50m.

The miscellany of vehicles and other assets will be worth a few tens of millions at most. In other words, the assets apart from MGN and MCC are worth £400m at the outside.

So the question of how much

So the question of how much creditors will get hinges to a great extent on the value of MGN and MCC. Mr Talbot

made it clear yesterday that both would be sold. When MCC's shares were suspended on Monday, the company had a market value of \$226m. The private companies own 68 per cent of MCC, worth £158m at the suspension

However, the banks have a However, the banks have a further 12 per cent of MCC as collateral, which is shares borrowed by the private companies from the pension funds. Their legal title to these shares may be disputed by the pension funds — though the banks are convinced that the funds'

claim is not strong. In a sense, any dispute of this sort may be academic. Mr Robert Maxwell's extraction of £700m in cash from both public companies and their pension funds has undermined their

About £100m has disap-

MCC to the private companies.
The chances of any of this-being repaid appears slim.
The public companies have a

separate problem. They will have to make contributions to their pension funds, to make good the deficit in those funds which was caused by the extraction of about \$400m from the funds by the private com-

Price Waterhouse, the accountant, is carrying out a detailed evaluation of MCC for its banks, led by Credit Lyon-nals and Swiss Bank Corporation. They will not make any decision on the future of MCC until they have received the report. However, they say that they are intent on keeping it out of administration, since such a move would impair the value of its assets.

Nonetheless bankers say that shares in MCC may be val-

On the other hand, MGN may be worth £300m, compared with its market valuation at the suspension price of £501m. The private companies own 51 per cent of this, which would be worth £153m. In addition, another 3.5 per cent of MGN shares, borrowed from the pen-sion funds, are held by banks

as collateral.

The bottom line, is that the private companies assets are unlikely to be worth more than. £600m, on optimistic assumptions. Given how many new liabilities have been uncovered in the past week, even that fig-ure cannot be trusted. Who knows what skeletons Mr Tak-

bot may unearth?

In other words, yesterday was a bleak day for the banks, who stand to lose at least a third of what they lent to the private companies. The prosy pects for other creditors, most notably the pension funds, may

US paper files petition for protection

By Alan Friedman in New York

THE New York Daily News, the loss-making tabloid newspaper that was acquired with much fanfare last March by Mr Robert Maxwell, yesterday filed a petition for protection under US bankruptcy laws.

The newspaper said the action was taken to protect itself from London-based administrators of the Maxwell empire and because the appointment of the administrators had cut the paper off from much needed operating

The newspaper, which lost \$100m (£56.4m) in 1990, said its board of directors decided on the filing during a meeting held on Wednesday evening. Mr Kevin Maxwell, who succeeded his father as chairman of the New York newspaper, participated in the board meeting by telephone, according to Mr John Campi, a spokesman for The News.

The newspaper said the bankruptcy filing was made "to protect the Daily News

MR IAN Watson, founding editor of The European, one of

Robert Maxwell's more grandi-

ose creations, did not go to bed

on Wednesday night. It was not Maastricht sum-

mit coverage he was worried

about. Mr Watson stayed up on the eve of the arrival of Arthur Andersen as administrators to

the Maxwell private busi-

nesses, ringing everyone he could think of who might be interested in saving The Euro-

Can The European now sur-

vive? "I very much hope so. I don't see why not. There is so much work went into this,"

said Mr Watson, editorial direc-

involving the Maxwell family's creditors in England and from a capital squeeze due to the debt problems of the familyowned businesses."
While claiming that it is ahead of its 1991 business plan,

the newspaper said it "requires a continuing short-term investment of funds to continue operations and achieve consist-ent profitability." The present situation in the UK had "cut off the owners' ability to assure that money."
Mr Campi maintained that

the Chapter 11 filing means the newspaper cannot be sold by the UK court-appointed administrators. He said The News would continue operating under its present management, which will now draw up a revised business plan. A committee of creditors, which management said would probably include representatives of the paper's trade unions, will be created to oversee the reorgan-

So far, two tentative expres-

sions of interest have been put

forward - one from a large

Far East concern and the other

from a European group.

The fear now is, however,

that today's (paper could be the last and that The Europe-

an's views on how Maastricht will affect the future of Europe

Mr Watson believes that The European has significant assets to sell – its title, the

pan-European distribution net-

work set up with great diffi-culty and a circulation of

225,000 to 230,000 a week.
The European is believed to

be losing about £800,000 a month after an initial invest-

will never be known.

The European waits for news of its future

Mr Campi stressed that the Daily News's pension funds are not affected by the bankruptcy petition or by the problems involving the Maxwell business pension funds in the UK.
"The funds are intact and the trustee is the Bank of New York," the spokesman said. Mr Maxwell received a pay-

Company of Chicago when he agreed to take over the Daily News last spring. Mr James Hoge, the publisher of the newspaper who resigned last July, said at the time of the Maxwell acquisition that the newspaper had suffered losses of \$60m during the first three months of

ment of \$60m from the Tribune

The News acknowledged yes terday that some \$30m of the amount received from Tribune was used to cover an extraordinary debit related to severance and buy out charges.

The newspaper's workforce has been slashed to 1,900 from the 2,700 employed at the

ment of £40m to £45m.

although losses are coming

down after a cost-cutting drive.

The present business plan is budgeting for a 27m loss for

1992, a £4m loss in 1993 and break-even in 1994.

Senior executives admit that

with circumstances having

changed so drastically, a fur-ther knife could now be taken

to costs to try to ensure the

paper's survival. The European is distributed

in 42 countries and about

100,000 of its circulation is accounted for by UK sales.

France and Germany are the

paper's next best countries with sales of between 25,000 to

27.000 each. In the US, the

time of the acquisition last March.

The newspaper's operating loss for 1991 should amount to around \$35m, Mr Campi said, adding that ultimately the net loss for the year would be as little as \$5m or \$6m thanks to the \$60m received from Tri-bune, which will be used to cover the special charges and operating deficit. The newspaper also said two Daily News executives were

added to the board of Maxwell Newspapers, the holding vehicle that controls the paper. They are Mr James Willse, editor and senior vice president, and Mr Larry Bloom, chief financial officer. Mr Campi claimed the news-

paper's current sales were more than 800,000 copies on weekdays and more than 1m copies on Sundays.

When Robert Maxwell

launched The European in May 1990 he sent a video to poten-

tial advertisers with his own

personal rallying call, dedicating the paper to the notion of a

European home to which

everyone could belong.

When Mr Ian Maxwell took

over, briefly, as chairman of Mirror Group Newspapers he said The European would be a

fitting memorial for his father.

Unless a dedicated European with deep pockets comes along

soon, the memorial may not

He tried to put a brave face on events, insisting the newspaper would not be shut down.

"The Daily News will outlive

18,000 copies.

Negotiations for disposal of Headington Inv's 60% of US fund manager are underway

By Alan Friedman in New York

NEGOTIATIONS underway to sell the 60 per cent shareholding held by the Maxwell family's Headington Investments in London & Rish-opsgate International Incorporated (LBII), the New Yorkbased manager of \$600m (£339m) of institutional funds, according to LBH's managing

Mr Robert Chender, managing director and general coun-sel of the New York fund manager, said LBII "is in serious negotiations with a potential purchaser in the TIS'

"We are not at a stage where we have received a bid," but he hoped that a transaction would be completed "in the not too distant future", he revealed. Mr Chender disclosed that among LBIrs funds are some \$9m from the Maxwell-owned Macmillan group pension fund,

a further \$2m from the non-profit-making Macmillan Foun-dation and \$6m from the pen-sion fund of Official Airlines Guide (OAG), the Illinois-based company that is one of the Maxwell group's main US hold-

ings. He stressed, however, that these pension funds were intact and in the physical custody of Chase Manhattan "The bottom line is that we

never touched the money. We are not raiders and we have not been raided. Chase has the money," he said.

Mr Chender also stressed that the Macmillan and OAG funds were the only Maxwellrelated funds managed by his

long outlive its creator. Ray Snoddy He maintained that while LBII was ultimately owned by Headington Investments, in common with the UK-based London & Bishopsgate, "there is no operating relationship between us".

LBII began operating in early 1989, two years after Mr Robert Maxwell purchased Global Analysis Systems, an econometrics risk analysis company owned by Mr Andrew Smith, the vice chairman of

Mr Smith and Mr Maxwell decided to transform Global into an investment manage ment group. This induced Mr Smith to relocate to New York in early 1990 and to sever all his ties with London & Bishopsgate of the UK, Mr Chender explained.

Discussions regarding the sale of Headington's 60 per cent stake in LBH, which empioys 50 people, began early

Mr Chender maintained that the final decision to sell the shareholding was taken last

August.
"We agreed with Mr Maxwell that the stake would be sold for two reasons. "We were interested in get-

ting involved with a financial group that would provide us with a better fit than a media company and Mr Maxwell decided to pare down his non-media holdings," Mr Chender

The LBII executive said he did not believe the fund manager would be affected by the appointment of UK administra-

"My understanding is that nothing changes for us. We are

already for sale."
He added that the 40 per cent minority shareholding in LBIL would continue to be owned by the company's management.
While LBII would not dis-

close the names of its clients, included large US public pen-sion funds, offshore mutual funds and large Canadian com-

The Maxwell family controls its 60 per cent stake in LRII through the London-based Headington Investments. which in turn owns the shares indirectly through London & Bishopsgate Holdings North America Limited, a UK holding vehicle.

This UK vehicle in turn controls the Delaware-based London & Bishopsgate Holdings North America Incorporated, the company that owns the direct stake in LBII in New

York. In Connecticut, Macmillah, the publishing group that together with Official Airlines Guide accounts for some 90 per cent of Maxwell Communication Corporation's group oper-ating profits, said it could not disclose the size of its pension.

fund But Macmillan said the company's pension fund remained

Mr David Shaffer, the Mac millan president who was this week named chief executive of Maxwell Communication Corporation, arrived in London yesterday morning for discussions with the Maxwell family, He was accompanied by Ms Susan Aldrich, Macmillan's chief financial officer.

Network of financial responsibility broke down after resignations

IRECTORS and former directors of Maxwell companies say that from early this year they became less and less convinced they had full information on the financial and treasury functions for which they were

In the past 48 hours it has been revealed that around 2600m has been drained from the public companies Mirror Group Newspapers and Maxwell Communication Corporation and from their pension funds. Much of that appears to have been drawn since the summer, without the know-

ledge of their boards.

The questions of how that much money drained out and where it went remains a mys-tery. The answers - if they can be answered by anyone other than Mr Robert Maxwell may possibly emerge after discussion between bankers. administrators, his sons Kevin and Ian, and with the central group of finance directors and treasurers that Maxwell employed to manage the money of his companies. Nevertheless, the picture that can be uncovered from past and current employees, in both financial and managerial roles, confirms the first impres sions from bankers and auditors now investigating the scale of the Maxwell debts: the especially for the private com-panies, became increasingly complicated during 1991. The terms in which pest and

present employees discuss the experience of working with Maxwell are remarkably similar. Many senior employees of Maxwell companies, both from managerial and financial oper-ation, agree that Mr Robert Maxwell generally worked extremely closely with his son Kevin, who was chief executive of MCC, and to lesser extent with his son Ian. All three tended to be directors of the private companies. The two sons have said, however, that their father operated on a "need to know" basis and that they did not know the whole

picture.

Beyond the trio, the roles of finance and treasury directors and managers tended to be



public companies (MGN was part of the private Maxwell interests until May 1991), or to

he private companies. While directors and managthe private compan ers did swap from one job to another within the empire, at any one time they appeared to have more or less clear cut functions. Directors were not



Jean-Pierre Anselmini, David Shaffer, Ronald Woods and Robert Maxwell: directors and ex-directors of MCC

both public and private businesses although some had a small overlap in their responsibilities between the two "sides" of the Maxwell empire. For instance, Mr Ronald Woods and Mr Alan Stephens, the tax director and company secre-tary of MCC, were also listed as directors of some of the pri-



Several people who worked closely with the Maxwells within public and private com-panies have commented that Robert Maxwell had an inner circle of favourites among his managers and directors. If an employee disagreed with Mr Maxwell he would rapidly be "frozen out" of this inner circle, to find instruc-



tions and information given to

those below him in the hierarchy.

"People might now say we should have known some things we didn't know – but they can't imagine what working in a Maxwell company was like. You were at the centre or nowhere", said one.
That kind of complaint when, according to the picture the auditors and bankers are now building, the flows of cash became larger and harder to A year before, the atmosphere appears to have been different. Mr Reg Mogg,

finance director until July 1990, says that from his point of view, "things were main-tained in an orderly fashion" while he was there, an opinion strongly shared by several other directors and former

become less orderly, what could have been the cause? Mr Mogs's departure was followed by several longstanding senior employees. Taken together, the absences could be argued to have weakened the central management functions. In February 1991, Mr Rich-ard Raker, deputy managing

in restrictly 1891, Mr facturard Baker, deputy managing director of MCC, took early retirement. He had been responsible for mergers and acquisitions, and had been with the group for nearly 23 pages.

His role was taken by Mr

seems to date from this year, Jean-Pierre Anselmini, who was also deputy chairman of MCC, but he then left in October 1991. Others have said that he gradually became more distant from central finance operations during 1991.

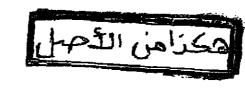
The posts were generally replaced from appointments inside the grain.

inside the group.
While Mr Robert Maxwell. tried to bring in Mr Peter. Walker, MP and director of brokers Smith New Court as chairman of MCC, Mr Walker decided not to take up the pest in the summer this year, around a month after the amouncement of his appointment, because MCC was mainly a US company and it made sense to manage it from

there.

The mechanisms of how somuch money was moved around – and how so much appeared to disappear – will occupy the auditors and bankers for weeks, if not months. Solving the mystery of where it has gone will help answer the question of how exactly it got there.

Bronwen Maddox



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COLLAPSE OF THE MAXWELL EMPIRE

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1990 The Maxwell empire, embracing newspapers and publishing houses, lootball clubs and yachts, has collapsed Maxwell died at sea on November 5. Yet for more than a year Maxwell watchers had been tracking with increasing concern a series of his financial transactions. These involved both his public companies. Maxwell Communication Corporation and Mirror Group Newspapers, floated in May, and his private companies. Their purpose was not always clear but they often had a dramatic impact on the share prices of the two companies. Shortly before the MGN flotation, the pace of deals began picking up, reaching a frenzy of activity shortly before his death. Only now are some of those coming to light, involving the transfer of assets from company pension funds.

companies, ballooning debts and mortgages on virtually every Maxwell The central mystery is why the

large loans from the public to the private

Maxwell empire had such a voracious appetite for cash. Where the money has done is a question which will take

How the house of cards came tumbling down

months to unravel. Indeed, the picture may never be fully drawn. Key events since the summer of 1990

MAXWELL COMMUNICATION CORP ● 1: Aug 23 1990: Robert Maxwell acquires 15.7m shares in MCC, taking mily stake to 26% 2: Oct 3: MCC announces three

disposals to raise £300m ● 3a Oct 18: Sales of non-strategic assets and short-term debt repayment

4 Dec 3 Exercise of put option over 15.65m ordinary shares on November 30 by third party. Maxwell stake in MCC

● 5: Jan 7 1991: Bishopsgate Investment Trust, a Maxwell family fund manager, and R Maxwell sell European put option of maximum 30m MCC shares, strike price 152p, expires February 15

6: Feb 19: Put option exercised for

30m ordinary shares. Bishopsqate

Investment Trust holds 38.14 per cent of MCC on behalf of Maxwell Foundation ● 7: March 12: Maxwell wins control of New York Daily News

(A)

MÇC

● 8: March 28: Mr R Maxwell to relinquish MCC chairmanship. Mr Kevin Maxwell to become chief executive. Mr Peter Walker to become chairman. He subsequently declines the post. Conditional sale of Pergamon Press to Elsevier NV for £440m cash • 9: June 14: Preliminary results for

year ended March 31; pre-tax profits

down by 5%; dividend maintained at

● 10: July 4: Maxwell bids for First Tokyo Investment Trust ● 11: July 16: Board decides to prepare demerger plan for North American assets; to be managed from North

● 12: Aug 14: Goldman Sachs, US investment banker, acquired as security interest 31.2m shares on March 27 1991; holds 7.5 per cent ● 13: Aug 20: Maxwell family to raise money through Israeli stock float of

● 14z Sept 20: Maxwell sells MTV stake ● 15: Oct 4: Mr Jean-Pierre Anseimini resigns as deputy chairman of MCC. ● 16: Oct 7: Disposal of directories business of Macmillan Inc, part of MCC to Reed Publishing Inc for £83.4m in

(c)

(B)

1991

● 17: Oct 22: Nick Davies, Daily Mirror foreign editor, faces arms trading

● 18,D: Nov 5: Mr Robert Maxwell reported missing at sea. Kevin Maxwell appointed acting chairman. Temporary suspension of share listing

● 19: Nov 7: Statement by Mr Kevin Maxwell and Mr Ian Maxwell; banks to support family operations. Letter of intent signed by MacMillan Inc and Fukutake Publishing Co for sale of Berlitz International. Restoration of listing from 8.30am. Press speculation that level of debt is approximately £1.4bn.

● 20: Nov 10: Robert Maxwell buried. ● 21: Nov 12: Agreement for cash sale of assets of MacMillan Computer Publishing to Paramount

Communications Inc for £157.5m. 22: Nov 15: Citibank NA transferred 2m ordinary shares from Bishopsgate Investment Trust to Gorton Nominees Ltd, one of its own nominee companies. 23: Nov 18: SFO investigates First Tokyo.

The state of the s

MIRROR GROUP NEWSPAPERS A: May 16: MGN floated B: July 24: Good interim results C: Aug 14, 1991: Goldman Sachs

25c

MGN

acquires as security interest 40m ordinary shares on August 5; holds 10.48 per cent D: Nov 5: Maxwell reported missing

at sea. Temporary suspension of listing

E Nov 7: Mr Ian Maxwell appointed F: Nov : Goldman Sachs reduces

Recent events affecting both companies: • 24,G: Dec 2: MGN and MCC shares suspended "pending clarification of the Maxwell family companies' financial position and its effects on the public

companies". Market speculation about problems with MGN and MCC pension funds. Bankers indicate debts of private companies are more than £1bn. Maxwell executives confirm auditors checking

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● 25,H: Dec 3: Kevin and Ian Maxwell resign from MGN and MCC boards.
Bankers say Maxwell private companies owe about £300m to MGN and MCC and about £300m to the two companies' pension funds. Deptartment of Trade and industry examining MGN share transactions as recently as October. ● 26.1: Dec 4: Serious Fraud Office investigates MGN and MCC pension funds. Bankers say total Maxwell company debts to MGN and MCC and their pension funds more than £700m plus £900m of other debts.

● 27,J: Dec 5: Administrators appointed to private Maxwell companies. Family's 51 per cent cent in MGN and 68 per cent in MCC plus other assets to be

administration

ADMINISTRATION, into which Headington Invest-ments and Robert Maxwell Group passed yesterday, will give the two companies three months under the control of Arthur Andersen to put together proposals for their

creditors' approval.
The procedure, which was only introduced five years ago, still a relatively rare option for insolvent companies, but is A company to be placed in administration is normally insolvent, so that either its liahilities exceed its assets, or it is unable to pay its debts for other reasons, such as inade-

quate cash flow.

The directors have to give a reason to justify administra-tion, which could be the prospect of saving all or parts of the business; a better realisation of assets than could be achieved if it was wound up; or the development of a "scheme of arrangement" for

creditors' approval.

If 'the judge approves the petition, the insolvency practitioners, who are appointed personally, become adminis-trators. The administration order protects the company from its creditors.

The administrators take over the management of the company, and have three months to draft a formal proposal, which must then be voted on by the creditors.

If administration fails, the

other likely options are administrative receivership, requested by the creditors, or liquidation, called by either the shareholders or the courts, which will lead to the sale

Breathing space Men behind Headington's closed doors

SOME INSOLVENCY insiders described yesterday's appointment of Arthur Andersen as administrators to the two Maxinitiation into the top league of practitioners.

Andersen is a relatively recent entrant into insolvency in the UK, with a practice launched 10 years ago which has increasingly attempted to concentrate on corporate recoveries rather than liquida-

according to fee income - at

the actions of the trustees of

the pension funds which have

incurred potential losses in excess of £400m on loans to the Maxwell family's private

Earlier the events since the

death of Mr Robert Maxwell

were the subject of a report to

the Cabinet and an examina-

tion was ordered into possible

further measures to prevent the abuse of pension funds.

During rowdy exchanges in the Commons, Mr David Nic-

holson (C Taunton) accused

odile tears" over what had

He urged the prime minister to launch the earliest possible

Labour MPs of shedding "croc-

by insolvency fees, which at £12.3m are almost half the level of the next firm. The Andersen staff has a

reputation for low-profile, seri-ous, high-quality technical work which is reflected in its choice of the four joint administrators for Headington Investments and Robert Maxwell Group, All but Mr John Talbot, the senior insolvency partner, are home-grown members of the firm.

who were directors and

trastees of the MGN pension

Mr Major replied that it

would not be appropriate for

him to comment on individu-

als who were the trustees of

Stressing that the manage-

ment of pension funds was based on trust law, he

described the behaviour of

trustees as "paramount". The prime minister said that

steps already taken to strengthen the law had required the trustees of pen-

sion funds to disclose more

information to their members,

as well as to pensioners and

the pension fund.

• John Talbot: Head of largest UK accountancy firm Andersen's corporate recovery practice, born in 1949. Ranked £269m in the year to 31 March among the top insolvency prac-

MR John Major, the prime minister, refused to comment in the Commons yesterday on

1991 - it is only the seventh titioners in the country, but carries a far lower profile than some of his bumptious counterparts in other firms. A serious and quiet man with very good technical skills, he tends to

avoid publicity.
He worked in the Midlands as a company secretary, and became an accountant with Spicer & Pegler before joining Arthur Andersen in their Birmingham office in 1983. He is a collector of contemporary art, an opera enthusiast and a National Ballet.

Cabinet orders an examination of further

measures to prevent abuse of pension funds

Mr Winston Churchill (C

Davyhulme) said that it was quite unacceptable that pen-

sioners should be defrauded of

pensions for which they had

contributed throughout their

entire working lives, as was

the case with pensioners of

Mirror Group Newspapers. Mr Churchill angered

Labour MPs by urging the

prime minister to commiserate with Mr Neil Kinnock, the Labour leader, at the fact that his, and his party's, principal

supporter should "turn out to be a crook".

to comment on MGN's pension fund because it was under

examination by the Serious

After reminding the House

that the government had

Fraud Office.

Mr Major said he was unable

Corporation. Norfolk House Group, Michael Peters and Broadwell Land. • Martin Fishman: Second-incommand, born in 1954 in south Wales. He joined Andersen in 1975 after a degree

in economics and finance from Leeds University.

Specialised in oil and construction work, before joining the insolvency practice in 1982, where he was appointed a partner in 1987. A keen bridge player and

• Tony Brierley: Born 1952. sailor. He has previously worked on receiverships including Turiff office in 1974 after studying

"greatly tightened" the protec-tion of pension funds over recent years he said: "Nothing,

of course, can be complete

proof against criminality". Tory MPs jeered Mr Peter Hain (Lab, Neath) when he

said the future of the Daily Mirror was now "in bock to

City spivs and business

ter agreed that citizens' rights were best protected by plural-

were test protected by plurar-istic ownership of the press, or did he want every tabloid paper to be a supporter of the Tory party?

Mr David Shaw (C Dover) asked if the official govern-ment solicitor "could step in

ment solicitor "could step in, remove the trustees of the fund, who have been shown to

be totally useless, and obtain

He asked if the prime minis-

natural sciences at Oxford University.
Specialised in investigations

and insolvency since 1979, and made a partner in 1986. Lists golf among his recreations.

• Murdoch McKillop: Born in Glasgow in 1947. Joined Andersen in 1971 after a degree in economics and accountancy at Strathclyde University.

Made a partner in 1984. Head of the Scottish arm of the insolvency practice, and divides his time between London and Scotland, A

all the assets and money of the Maxwell family trust

companies and the Maxwell

family companies worldwide?"

tary Douglas Hurd or Chancel-

lor Norman Lamont to com-

ment on "the massive amount

of income tax and capital

gains tax that the UK has been

defrauded of by means of the Liechtenstein family trust that

has managed to deal over the

years in other people's money, free of tax, and the British tax-

payer has lost millions of

Mr Major again refused to

Ivor Owen

comment on matters affecting

He also urged foreign secre-

Andrew Jack

controlling company would be yet possible to give an exact date as to when it could be

brought into force. The delay in enforcing the clause is certain to provoke fresh criticism from MPs. But officials insisted that the wide -ranging ramifications of

with the pensions industry.
"You don't go bull-headed at

official said. A study of the consequences of "self-investment" by pension funds was commis

rently being examined by the Occupational Pensions Board. Last night Ms Marjorie Mowlam, Labour's City spokesman, said that enact-ment of the clause would not he sufficient to out the worries

Government to restrict pension fund investment

THE government said yesterday that legislation to limit the ability of trustees of pension funds to invest capital in the companies which own them will be tabled shortly. With the furore over the

MGN fund unabated in the Commons, officials of the Social Security department insisted that an as-yet unactivated clause in the 1990 Social Security Act would come into procedures have been com-

Under the provision, the total amount in any fund allowed to be put back into the fixed at 5 per cent of the total assets. But the department said last night that it was not

enacting the clause meant that full consultations were needed

a complex issue like this," an

by the Department from Ernst & Young last year and reported on May 3. It is cur-

of pensioners and beneficiaries at rest. The restraints on self-

investment were confined only to quoted securities and did not cover unquoted shares or property investments, she

"The loopholes in the draft legislation are very great and represent a minimalist step. If we are serious about protect-ing the interests of pension holders we need to go further," she said.

Ms Mowlam went on to add ure at question time to give any new commitment to new measures to saleguard pensioners was "grossly inade

Ivo Dawnav

Mr Ian Maxwell, the former chairman of MGN, resigned with the rest of the board from Bishopsgate Investment Management which manages over half MGN's £520m pension fund after discussions with IMRO, the fund management industry watchdog, writes Richard Gourlay.

Mr Maxwell was chairman of MCN until Tuesday and also a trustee of the Mirror Group Pension Trust with his father, Mr Robert Maxwell and brother Mr Kevin Maxwell, the former chairman of Maxwell Communication Corporation.

A trustee of the MGN pen-sion fund said he first knew there were problems two or three days after Mr Robert Maxwell died on November 5. Mr Charles Wilson, welcomed the SFO investigation. "It's not possibile to say the extent of the funds missing .. certainly funds have been

without due authority.

Family may become a riches-to-rags story

N Wednesday evening Mr Kevin Maxwell, chairman of the N chairman of the Robert Maxwell Group, was planning to fly to New York in the company Gulfstream jet to visit the Daily Post. Scandal followed scandal so fast that the trip never happened. Now it seems unlikely that it ever will - at least on the luxurious jet, call sign GO-VIP - which Kevin's father, Robert Maxwell, used to rampage around the world in

search of deals and influence. The aircraft, the helicopter used to get to it and a range of businesses in which the family had a financial stake are now all under the control of Mr John Talbot, the administrator from Arthur Andersen.

The pile of private interests includes the lease of Headington Hill Hall, the Maxwell family home. The large yellow brick and stone Victorian mansion, outbuildings, and fifteen acres of land is leased by Oxford City Council to a Maxwell company PHL Estates Ltd and is managed by a Maxwell holding company, Readington Investments. The current 99

year recurring lease was origi-nally granted in 1978 to Per-gamon Press, another Maxwell company, which was sold off

The council said last night that if Headington Hill Hall was put into receivership, receivers would have to gain permission from the council for a reassignment of the property before attempting to realise its value.

It would not comment on the current value of the remaining lease, but one leading local estate agent estimated that the buildings and the grounds together could be worth at least £1m.

When Mr Talbot has finished his work realising assets to try to pay off the pressing debts there may be very little left for Kevin and Ian Maxwell and the rest of the Maxwell family. The view of one former senior executive, however, was

that the Maxwell family will

not come out of the crisis pov-erty stricken. He said: "Private

financial arrangements involv-

always been very com-

plex . . . I would imagine that over the years, reasonable income has enabled the children to make investments in private trusts that could continue to generate income." Of the seven children, Ian

and Kevin clearly have the most to lose as they were the most intimately linked to their father's business empire. However, their precise earnings from this link is impossible to quantify with precision. The companies in which one or other of the brothers earned

substantial salaries as senior executives include the two key companies in the Maxwell family empire, Headington Invest-ments and Robert Maxwell Group - now under adminis-tration - and the two public companies, Mirror Group Newspapers and Maxwell Communication Corporation, whose ownership now looks likely to

change. 1991 published accounts for MCC show that the highest paid salaries of members of the board ranged from £160,000 to £330,000 per annum. The proing the Maxwell family have spectus for Mirror Group

Newspapers published earlier brother has access to MCC or this year states that the renu-meration of its directors shall not exceed in aggregate the sum of £250,000 per annum "or such greater sum as the Company may by ordinary resolu-tion from time to time deter-

The decline in the personal fortune of Mr Kevin and Mr Ian Maxwell was symbolised this week when they left the plush ninth floor where Robert Maxwell once held court and where his butler Joseph still dispenses gin and tonics. The office with the enormous desk and chair is untouched and is still called "RM's office".

evin and Ian have had to leave all that behind and are now on the sixth floor - the home of the private companies. Since their resignations on Tuesday as chairman and chief executive of Maxwell Communication Corporation (Kevin) and Mirror Group Newspapers (Ian) because of conflicts of interest. it is believed Chinese walls have come down. Neither

MGN decision making or

papers. For a time Kevin and Ian Maxwell will be busy helping the administrator and the Seri-ous Fraud Office over the tangled financial affairs left by their father. When the sorry affair has run its course it is possible that they could be unemployed, although it is unlikely they will be com-

pletely impoverished. Since their father's death month ago they have fought the bush fires that have broken out in his network of interconnected businesses but they have apparently been ungulfed by them. The rest of the Maxwell family have maintained a low profile throughout, but they are unlikely to remain untouched by the financial fall-

out of this week's crisis. The eldest Maxwell child. Anne, is a teacher. The second son Philip is a physicist. Two twin daughters Christine and Isabel are both married and have been working for Maxwell subsidiaries in the US. The only unmarried child is Ghis-



Happy days: Robert Maxwell with his wife Betty (centre), son Kevin (chairman of the Robert Maxwell Group) and daughters Anne and Isabel

laine, the most glamorous, best known and youngest of the

Three years ago, Ghislaine, with the blessing of her father, set up Maxwell Corporate Gifts, a corporate gift business which published catalogues and sold items ranging from pocket diaries to photograph frames. Ghislaine has not been

seen in public since her father's funeral, and yesterday the telephone at her London office went unanswered.

Mr Robert Maxwell often boasted that his children would make their own way of life and "would not inherit a penny". It seems unlikely, however, that he could have foreseen the manner in which

his family would have to suffer the consequences of his business practices. The Maxwell family saga was once a rags-toriches story. Now the prospect is of a tale bordering more on

Jimmy Burns and Raymond Snoddy

Deutsche Bank operating profits climb to DM5.2bn

DEUTSCHE Bank, Germany's largest bank, yesterday reported group operating profits rose to DM5.2bn (\$3.25bm) in the first 10 months

This is a 21.7 per cent improvement when compared with the previous corresponding period on an annualised basis.

Mr Hilmar Kopper, the bank's chief executive, said the bank would be able to present a "good result" for the full

The result was broadly in line with analysts' expectations and shows the extent to which Germany's banking sector is so far immune from the profit downturn afflicting industrial

The result reflects relatively high interest rates in Germany and buoyant demand for credit from industry and private

Mr Kopper said the growth total exposure was was driven by all the bank's considerably less than the

main earnings areas, but the majority of the increase came from a strong rise in interest income. This climbed by 15.3 per cent to DM8.7bn for 10 months.

An important contribution to the result came from the bank's account trading activities. Partial operating profits, which are calculated before the trading result, grew by only 9.1 per cent to DM4.1bn for the 10 months. Staff and other operating expenses rose by a total of 14.1 per cent for the group, reflecting costs associated with the bank's aggressive expansion into eastern Germany. This factor was more pronounced at the parent bank where staff expenses climbed by 16.9 per

28.1 per cent. Commenting on the bank's exposure to the repayment crisis in the Soviet Union, Mr Kopper insisted the bank's

cent and operating expenses by

DM5bn frequently cited by analysts. He declined to give an exact figure, but said the bank's uninsured exposure was less than it had been to Brazil in 1982, which was about DM1.4bn

Deutsche Bank has made provisions of 65 to 70 per cent against the uninsured Soviet exposure; Mr Kopper said a decision whether to increase this further would be taken later in the year. Group credit volume rose by

7 per cent to DM292.5bn. Lending to corporate customers increased by DM11.1bn to DM144.9bn, while DMILLION to DMI44.90n, while private customer borrowing rose by DM5.50n to DM91.70n.

Net commission income for the group rose by 4.2 per cent to DM3.1bn. Deutsche Bank said that excluding the cost incurred by the branches in the eastern part of Germany the increase in staff operating expresses was 48 per cent for expenses was 9.8 per cent for the group and 9.2 per cent for the parent company.

and substantial goodwill write-offs.

The nine-month result this year included a DKr250m gain on the value of its investments in Compagnic Financière de Suez and Rambro's Bank.

Profits from the insurance

In 1990, the group reported a loss of DKr2-4bn which was

mainly a reflection of lower values for investments abroad

DKr800m to DKr900m.

Buoyant Baltica

improves to

BALTICA Holding, which heads the Baltica insurance

and financial services group,

yesterday announced a DKr849m (\$136.9m) net profit

ally unchanged at DKr606m and group net capital was

ed from DKr8.61bn to

DKr849m

Hilary Barnes

DKr8.07bn.

Profits from the insurance business were said to be satisfactory. Earnings from acci-dent insurance increased from DKr354m to DKr400m and on life business from DKr192m to

Dkr337m. Baltica Bank improved profits to DKr50m from DKr38m.

Optimistic forecast

THE OPERATING profit of Fortis, the Belgian-Dutch insurance group, should rise between 9 and 10 per cent this year, according to Mr Maurice Lippens, the chairman of Cie Financière et de Reassurance

ised capital gains will be lower," he said.

November 12, 1991

Step forward for French investors they risk being treated like that." Another said: "Clearly,

AIR treatment for small investors in French companies took one step forward and one step back

The step forward came not thanks to the Paris stock exchange authorities, but Italy's Agnelli family. If Inter-national (Ifint) an Agnelli vehicle, yesterday extended a two-thirds bid for Exor, the holding company which con-trols the Source Perrier mineral water concern, to include all the shares despite not hav-ing any obligation under

for the first nine months of the year, compared with a loss of DKr710m in the previous corresponding period.

The pre-tax result was virtually analysis of the pre-tax result was virtually analysis. French takeover rules to do so.
If fully accepted, this will (\$326m), a gesture in response to intense public criticism that the original two-thirds offer was unfair to minority Exor The group forecast a whole-year result giving a net profit equal to the current market return on capital, which ana-lysts interpreted as a profit of investors. This comes as minority shareholders across continental Europe are clam-

our for equal treatment.

The Agnellis had upset the
Paris banking establishment which has nearly as much con-trol over what goes on in French industry as does its German counterpart — by fail-ing to consult its usual merchant bank and Exor's and Per-rier's big institutional shareholders. Some sharehold-ers are influential bodies, such as the Suez financial and industrial conglomerate and Crédit Agricole, the agricul-tural co-operative bank.

The Agnelli's behaviour, described as "gentlemanly" by a stockbroker, contrasts with the conduct of a separate battle which has ended with a setback for minorities. This is the hid by the Pinanit timber to bid by the Pinault timber-to-furniture retailing group for control of Au Printemps, owner of the Parisian depart-ment store, a mail order busi-ness and a supermarket chain. Pinault has been criticised for making a two-thirds rather making a two-thirds rather than a full offer and for jug-gling with voting rights. Unlike the Agnellis, Pinault is proceeding regardless.



Concern: Pierre Bérégovoy, French finance minister

Mr Micha Spierenburg, president of S.G. Warburg France,

dent of S.G.Warburg France, says: "The lialian group's atti-tude compares favourably with the less generous attitude of the Pinault group." A change in the rules, formally the government's business, requires "a change in the culture of this country away from the haple.

country away from the bank-

industry approach to a more transparent system, where the rights of shareholders, especially minorities, are given the weight they deserve", he says.

Minority investors in Au Printemps had hoped Pinault would come under pressure

from the Conseil des Bourses de Valeurs (CBV), the stock market regulator, which yes-

THE BRUSSELS commercial

court yesterday asked Accor to extend its FFr2.2bn (\$400m) hid for Wagons-Lits, the Franco-Belgian travel group, by 10 days, following its Wednesday raling that the French hotels group should lift the offer for the outstanding shares to

William Dawkins sets the extended hid for Exor by Ifi International, the Agnelli family vehicle, against the background of the controversy which is brewing in France over the rights of minority shareholders.

terday concluded its routine examination of both bids. Instead, the CBV gave Pinault and Ifint the all-clear and noted the Agnellis' gesture. This non-committal response from the CBV drew criticism from stockhriters across Paris. from stockbrokers across Paris. They contrasted it with the rig-orous attitude taken the day orous attitude taken the day before by a Belgian court, which ordered Accor, the French hotels group to increase its offer for Wagons-Lits, the Franco-Belgian travel company, to give minority shareholders equal treatment.

One broker said: "It's not good for the Paris market. Investors will ask themselves

investors will ask themselves why they should invest here if

institutional investors asked

the court to force an extension of the hid to allow the out

standing minority sharehold-

ers - who hold about 40 per cent of Wagons-Lits shares -

to consider the new situation

Accor said it had not been told

about the latest pronounce-

they risk being treated like that." Another said: "Clearly, Pinsult has been observing the letter but not the spirit of the law." A group of Au Printenips shareholders plans a legal appeal on the CBV's ruling.

All this highlights the delicate balancing act that the CBV has carried out as it worked towards a clear application of French takeover rules, introduced in 1988. These hold that a company buying alone or in concert — more than one third of the shares in another group must launch a hid for two-thirds of the equity. A bidder is not obliged to offer to buy all the shares until the 50 per cent threshold is passed, in contrast to the UK system, in which a full hid is triggsted at 30 per cent.

in which a full hid is triggisted at 30 per cent.

Minority shareholders in a company subject to a two-thirds hid cannot hope to sell all their shares to the bidder, a difficulty not faced by siling holders who sold to the mespective bidder before the acquisition was launched. The Swiss holding group which sold to Pinault, causing it to breach the 33 per causing it to breach the Brigarous, the fine was "concerned".

minister, who admitted last week that he was "concerned about takeover rules. There is accrainly no perfect regulation which can satisfy all interests, which are often divergent. The said. He says there must be a balance between removing unnecessary barriers to take overs and preventing covers changes of control.

He does not plan changes to the system until the CBV and quoted companies agree what they want. Mr Benegovoy sees no sign of a consensus, but the

no sign of a consensus, but the conduct of takenvers is likely to be the subject of intense debate between French stock exchange authorities and com-panies in the months aheaff.

Rank sells motorway services

By Andrew Bolger

MOTORWAY services areas at Scotch Corner and Knutsford are providing an unusual route back into the corporate limelight for Mr Michael

Guthrie, one of the City's high-filers in the 1980s.

Mr Guthrie, former chairman and chief executive of Mecca Leisure, is leading a 590m (\$153m) buy-in to acquire 11 motorway and trunk road services areas from Rank Organisation, the UK's largest

leisure group.

Mr Guthrie built Mecca
Leisure into the UK's biggest leisure-only company following a £93m buy-out from Grand Metropolitan in 1985.

However, the group over-borrowed to buy the larger Pleasurama Group in 1988, and last year Mecca succumbed to a hostile £544m bid from Rank after Mr Guthrie unexpectedly went into hospital. A fully-recovered Mr Guthrie, 50, said yesterday that he was looking forward to working with existing staff at

Mr Guthrie is still deciding on a name for the chain, but plans to improve the eating environment and shops at the service areas by investing up to £15m over the next two years and more aggressive

Rank said the business was sound, but was not at the core of its activities. It also noted

government's pledge in its Citizen's Charter to deregulate the licensing system which limits the number of service The Department of Trade

said it was intended that there should be a motorway service station every 30 miles. "At present you could drive from the Channel tunnel to Birmingham without passing a service station, depending on which bit of the M25 you

The Rank service areas involved are at Aust, Cardiff and Swansea on the M4; Forton, Hilton Park and Knutsford on the M6; Anderton on the M61: and Farthing

Corner on the M2. The trunk road service areas are at Scotch Corner and Newark on the A1, and Bangor on the A55. restaurants and shops, and eight provide overnight

The buy-in is backed by Candover Investments. Equity is being provided by institutions investing through the Candover 1989 Fund and by CINVen.

Bank debt is being arranged by Bank of Scotland and underwritten by Bank of Scotland and Barclays Bank. Mezzanine finance of £17m is being provided by Intermediate Rank will receive £85m in cash for the chain, which is the

fourth largest operator of motorway service areas in the UK and made operating profits of £7.9m on sales of £100m in the year to October 31. Rank will also receive £4m in preference shares, a small payment for working capital

and will retain a 5 per cent stake in the business.

for Fortis

du Groupe, the Belgian part-ner in the venture, Reuter

reports from Brussels.

"The operating results will be up between 9 and 10 per cent, but the net profit will be at least equal to last year's figure due to the fact that realized conticl grains will be

FFra. Sha, writes Andrew Hill. Volvo expects consultation from Renault

Wagon-Lits bid request

By William Dawkins in Paris

VOLVO, the Swedish car-maker, said yesterday it expec-ted to be consulted on the successor to Mr Raymond Lévy for the chairmanship of Renault, the French state-controlled car group in which Volvo has a 20 per cent stake.

The announcement, by Mr

Pehr Gyllenhammar, Volvo's June, when Mrs Rdith Cresson, chairman, is controversial the prime minister, is expected because the French government normally decides who to appoint as chairmen of public sector companies. The threeyear mandate of Mr Lévy and most French state industry chairmen come to an end in

to ask President François Mit-terrand for wide changes. Mr Lévy is likely to be asked to go, partly because the recent Renault strike has made the government feel management changes are needed there. Mr.

Lavy will reach 65, the retire ment age, anyway in June.

Mr Gyllenhammar told L'Expansion, a French magazine, yesterday the strike had also worted him, but that the ultimore with Resemble agreed in ance with Renault - agreed in February 1990 - had produced

JAPAN

ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE

PROCEDURE FOR THE PRESENTATION OF OFFERS TO PURCHASE THE MAJORITY SHAREHOLDING IN CEMENTIR OWNED BY IRI

Istituto per la Ricostruzione Industriale ("IRI"), Interested parties who contact Samuel whose legal and administrative headquarters are located in Rome, Via Vittorio Veneto 89, intends to invite and evaluate offers to certain information to Samuel Montagu and purchase the entire shareholding held by IRI (the "shareholding") in Cementir - Cementerie del Tirreno S.p.A. ("Cementir"). Such shareholding consists of 88,027,545 shares of par value Lit. 1,000 each and accounts for 51.78% of Cementir's share capital.

IRI will not consider any offer to purchase only part of the shareholding.

Cementir is an Italian cement manufacturer listed on the Genoa, Milan, Naples and Rome Stock Exchanges. For the financial year ended 31st December, 1990 Cementir reported sales revenues of approximately Lit. 326,000,000,000.

IRI has appointed Samuel Montagu & Co. Limited ("Samuel Montagu") as its advisers and persons interested in acquiring the shareholding, which must be corporations or other organisations whose net worth - or equivalent - at the date of the most recent audited or otherwise approved financial statements amounted to not less than Lit. 30,000,000,000 and who wish to obtain information and draft supporting documentation, must submit a written request to Samuel Montagu at the following address:

Samuel Montagu & Co. Limited, Corporate Finance. 10 Lower Thames Street, London, EC3R 6AE **United Kingdom** Tel: 44-71-260 9000

Fax: 44-71-623 5512/621 1831 Persons to be contacted:

Christopher Clarke: 44-71-260 9320 (to whom letters should be addressed) Patricia Hudson: 44-71-260 9394

Marco Morelli: 44-71-260 9553 **Edward Williams:** 44-71-260 0137 Montagu and who are considered suitable

will be required to sign a confidentiality agreement before they are provided with information. IRI reserves the right not to send information

potential purchasers will be required to supply

and draft supporting documentation to any prospective purchaser.

This invitation and the receipt of any offers does not create an obligation or commitment on the part of IRI to sell the shareholding. IRI reserves the right to accept any offer without entering into negotiations with the prospective purchaser. Negotiations should not be regarded as being exclusive.

The Cementir shares owned by IRI have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from such registration.

Potential purchasers should note that the shareholding can be acquired only in denominations of, or for a purchase price of, the equivalent of not less than DM 80,000.

This advertisement has been issued by IRI and approved for distribution in the United Kingdom for the purposes of Section 57 of the United Kingdom Financial Services Act 1986 by Samuel Montagu, a member of the SFA. This advertisement does not constitute an offer for the sale of any securities or interests in Cementir.

6th December, 1991

This announcement appears as a matter of record only.

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CITIBAN(



Swiss Bank Corporation Schweizerischer Bankverein Société de Banque Suisse

Realkreditt, Norway's biggest

mortgage company, may have kick-started a further consoli-

dation of the country's weak finance industry.

By Gita Piramal in Bombay

A STUDY of the financial

results of India's top 650 companies for the six-month

period ending September 1991 has thrown up unexpected

Sales were up 22 per cent, while aggregate pre-tax profits

rose 34 per cent and net profits

that Indian corporate performance would be so good, given the political and

economic turbulence in the

"I suspect that inflation has

played an important, if hidden, role in these figures," said Mr

Amit Khanna, the editor of

Business Plus, a monthly video

However, with inflation

rising from 9 per cent six

months ago to 15 ner cent

today, the buoyant sales do not

purely reflect increased

country.

by 25 per cent.
Analysts had not expected

they risk being treated it.

Another said: "Clean

Pinault has been observing it

kater but not the spirit of the

same of Au Printer

sapeai on the CBV's ruling

All this highlights the de

CBV has carried out at

worked towards a let CBA has cattled off a worked lowards a clear at cation of French takens rules introduced in 1969. The hold that a company buying his for two thirds of the A todder is not obliged to a so buy all the shares unit is per cent threshold is been contracted in the UK symptomes and the UK symptomes are contracted in the UK symptomes. to which a full bid is there Minority shareholders in Company Subject 10 2 h thirds bid canno: hope to their shares to the bide a difficulty not facted by the preserve priggs, pelote & Swiss helding group who said to Pinzuit, causing his breach the 25 per cent three cast an Au Printernal got be treatment than other the besident the 12 per cent three cast an Au Printernal got be treatment than other the besident the 12 them 2000 powers the are non son

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OFFERS IN CEMENTIR

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Market Control

nvestor,

Changing times in an ailing industry Karen Fossli on the shotgun union of Norway's DnB and Realkreditt then one third of the share; another group must laud; Den norske Bank's acquisition on Monday of troubled

Indeed, Mr Per Kristian Foss, head of the parliament's finance committee and member of the opposition Conserva-tive party, has called for the government to clear the way for other mortgage companies to be absorbed by the banks. He believes the DnB/Realkre-ditt linkup serves as a model for a continued restructuring of the alling finance industry. The complex shotgun wedding of DnB and Realkreditt
was forced by the government
and designed specifically to
limit, as much as possible,
state ownership of the bank The minimite arbiter is Pierre Beregov of the im and prevent the mortgage MANUAL PROPERTY OF THE PARTY OF institution from technical insolvency. However, it remains to be seen how big the **ಜನ್ನು**ಗ್ರೇ ನರ state's stake in DnB will swell. But Standard & Poor's, the which can so which are of But Standard & Poor's, the US credit rating agency, is not entirely convinced of the upside potential of the marriage. "Realkredit's inclusion in the DnB group may some what improve risk-weighted consists of the con-DALLANCE BY VILLER SOCIALITY Cress ini ating com Fig does not then the CBV ; capital calculations at the con-solidated level, due to Realkreditt's better level of capital and reserves and high proportion of low risk-weighted assets.

HE deepening crisis in Realkreditt's asset quality the Norwegian banking problems and weak earnings, system has created etc. the Norwegian banking system has created sighowever, could more than offpificant problems for the counset the capital advantage it try's credit institutions, which brings to the DnB group," said rely heavily on the domestic Mr Torsten Joerstad, an anabond market and international lyst with S&P. capital markets for funding. Because of these difficulties,

Realkreditt earlier twice failed to merge with Christiania Bank, the second biggest bank, which was rescued by the government last October when it was declared techni-

For its part, Realkreditt, for the past eight months has been undergoing a significant over-haul under the direction of Mr Paal Raaum, who was handpicked in February to under-take a spring cleaning of the company's loan and property

Realkreditt's problems had reached major proportions by the time Mr Raaum joined the company. It's risk-weighted assets were sagging under the weight of faulty loans and property repossessions in a k property market, while the company, in common with many of the banks, had failed to take write-offs on credit losses at an early enough stage In April, however, Realkre-ditt successfully completed a NKr475m (\$75.3m) equity issue and was converted from a mutual company to a corpora-tion in which the leading par-

ticipants received shares in Realkreditt Holding A/S.

It was these participants which were the key to Monday's deal by agreeing to reinvest in DnB their NKr250m gain from the sale of the mortgage company. Illustrative of the incestuous nature of the

Top Indian companies advance

by Mr Pradio Shah, managing director of Crisil, an Indian independent credit-rating

"People have been buying to beat inflation," he said.

This is particularly true of sectors such as cars,

two-wheeled vehicles, air conditioning equipment and washing machines.

Up to September, such

products were sold out; last

This week, Hindustan Motors, one of India's three

passenger car manufacturers, announced a 40 per cent-cut in

production. Bajaj Auto, India's biggest two-wheeler company, also announced a possible 30

manufacturers are preparing

month, sales slumped

per cent reduction.

for difficult days ahead.

country's finance industry, is the fact that some of Realkreditt's major shareholders include Uni Storebrand, Christiania Bank, Vital Forsikring, Den norske Bank and the National Pension Insurance

INTERNATIONAL COMPANIES AND FINANCE

Realkreditt's liquidity had been secured earlier this year through direct support from the central bank and the company's 13 largest bondholders who pledged to maintain their inventories of the company's bonds despite the failure of the proposed merger with Christi-ania Bank. Realkreditt secured a NKr450m loan from the cen-

y this year's third-quarter reporting period, the group slid into a net loss of NKr288.4m caused by a NKr178.7m charge against accounts for interest reversals and estimated and actual and estimated and actual credit losses of NKr247.6m. But net interest income, before losses had reached NKr239.5m. By comparison, a year ear-lier the group suffered a net loss of NKr303.6m, charged

for interest reversals and had credit losses of NKr433.9m. In September, Realkreditt's problems were exacerbated when it failed to get the backing of a syndicate of foreign banks to renew a \$100m loan facility.

NKr156.4m against accounts

According to Mr Raaum, the syndicate of foreign banks backing the facility had become too uncomfortable with Norway's banking crisis. Overall, Norway's credit insti-tutions hit problems in November when the bond market

reform of the economy, credit is tight and interest rates are

At another level, an

incipient demand recession is

making a quiet appearance, despite the fact that the middle

class has reportedly increased

from 150m to over 240m people.

Not everyone is pessimistic. "This is a temporary phenomenon. We are going to see an upturn by April," said

Hemendra Kothari sident of the Bombay Stock

Exchange. He said that this

would be when government-

run companies – which are

the biggest customers - may

Their purchases should

boost an economy, by then

streamlined under the massive

reform programme of the Rao

return to the market.

administration.

over 25 per cent.

nearly collapsed due to psychological factors linked to the troubled banking sector.

On November 20, the Oslo bond index fell 0.67 per cent, and fell again by 0.62 per cent on November 26. For the month as a whole, it slid 1.53 per cent, but bond investors suffered a 0.68 per cent net loss

on their investments. Prior to November, the credit institutions did not have central bank backing for liquidity support as banks had, but their situation had become so acute that the central bank was forced to intervene.
"The difficulties . . . cannot

be ascribed to their financial position. Their capital ratios are adequate and in several cases appreciably exceed the statutory requirements," the

central bank said. The central bank added it believed the difficulties would subside when confidence in the financial market was restored According to Mr Torstein Olsen, of the Norwegian Association of Mortgage Banks, there are 40 private mortgage partly state-owned. It has been estimated that the mortgage companies need to raise NKr25hn within the next year

Mr Olsen said institutiona bond investors began selling out of their bond portfolios in October, which was about the time when the crisis within Norway's banking sector deep-

Realkreditt hit funding problems last May, but had already received assurances from the central bank for liquidity sup-

James Hardie falls 27% in first half

JAMES Hardie Industries, the Australian building products group, suffered a 27.7 per cent fall in net profits for the first half, with Mr David Say, chief executive, warning the recession would not end for "some time", writes Mark Westfield.

The release of the James figures, showing the Austra-lian economy has contracted for the fifth successive quarter.

The next six months will prove who is right and who is wrong.

Hardie result for the six months to September 30 coincided with national accounts

James Hardie earned a reduced after-tax profit of A\$27.8m (US\$21.8m) on a 3.5 per cent rise in sales revenues to A\$658m. The interim dividend was cut to 6 cents from 9

The group's US division doubled its losses to US\$7.5m from

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED orporated in the Republic of South Africa) Registration No. 01 05309 06

urely reflect increased slashed. With the government roduction. clamping down on money
This view is partially shared supply as part of its structural

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO. 117 With reference to the notice of declaration of dividend advertised in the Press on 28 November 1991, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 90 cents per share was declared in South African currency. South African non-resident shareholders' tax at 12.94434 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 77.05566 cents per share.

The dividend on bearer shares will be paid on or after 17 January 1992 against surrender of coupon No. 117 detached from share warrants to bearer as under:

(a) At the offices of the following continental paying agents: Banque Bruxelles Lambert Gesorale de Banque ssuate 24 Avenue Marnix 3 Montague du Pare 1000 Brussels 1000 Brussels Crédit du Nord 6-8 Boulevard H

Swiss Bank Corporation Union Bank of Switzerland Banque Internationals & Laxombourg S.A. Immediate I Indépendent Sangue Graerale du Luxembourg S.A. Immediate I Indépendent Sangue Graerale du Luxembourg S.A. L. 2953 Luxembourg

Payment in respect of coupons lodged at the office of a continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the continental paying agent concerned. (b) At the Coupons Department of Barclays Bank PLC, 168 Fenchurch Street, London EC3P 3HP. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

in respect of coupons lodged on or prior to 10 January 1992 at the United Kingdom currency equivalent of the rand currency value of their dividend on 17 December 1991; or

(ii) in respect of coupons lodged after 10 January 1992 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the Coupons Department of Barclays Bank PLC, 168 Fenchurch Street, London EC3P 3HP.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

a.m. and 3.00 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the Coupons Department of Barchays Bank PLC, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 67.5 cents per share in terms of sub paragraph (b) above arrived at as follows:

South African Currency 90,00000 Amount of dividend declared Less: South African non-resident Shareholders' tax at 14,3826% 77.05566 Less: U.K. income tax at 10.6174% of the gross

amount of the dividend of 90 cents 67.50000 For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED G.A. Wilkinson

London Secretary 6 December 1991 London Office: 40 Holborn Vinduct London ECIP LAJ

The Company has been requested by the Commissioners of Inland Revenue to Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdon rax payable in respect of the dividend. The deduction of tex as the reduced rate of 10.6174% instead of the basic rate of 25%

to the holders of IMI Bank (International)

1.500,000 warrants to purchase ordinary shares of Assicurazioni Generali S.p.A.

IMI Bank (International)

NOTICE

IMI Bank (International) unconditionally and irrevocably guaranteed by Istituto Mobiliare Italiano

Notice is hereby given to the holders of the IMI Bank (International) warrants pursuant to Condition 8 (c) of the Terms and Conditions of the IMI Bank (International) warrants that, as a result of a free distribution to the shareholders of Assicurazioni Generali S.p.A., of one share of Alleanza me for each 250 shares of Assicurazioni Generali held, as part of the 1990 annual dividend for Assicurazioni Generali S.p.A. resolved by the ordinary meeting of shareholders of Assicurazioni Generali S.p.A. held on 1st July, 1991, the Exercise Price has been adjusted as follows:

Exercise Price before such adjustement:

1.36,087 per share Exercise Price after such adjustement:

L.35,937 per share 3. Effective Date: 23rd September, 1991

By: Morgan Guaranty Trust Company of New York, Brussels Office, as warrant Agent.

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 05/04181/06)

CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES DECLARATION OF DIVIDEND

Dividend No. 15 of 145 cents per preference share for the six months ending 31 December 1991 has today been declared in South African currency, psychole to preference shareholders registered in the books of the company at the close of business on 27 December 1991. Warrante dated 26 January 1992 will be posted to preference shareholders on 28 Janu

Standard conditions relating to the payment of dividends are obtainable at the stare transfe offices and the London Office of the company. Requests for payment of the dividend in South Airican currency by members on the United

or must be received by the company on or before 27 December 1991 in The register of members will be closed from 28 December 1991 to 3 January 1992 inclusion By order of the Board per pro GOLD PIELDS CORPORATE SERVICES LIMITED

London Office: Greencoat House London SW1P 1DH 5 December 1991

United Kingdom Registrar Barclays Registrars Limited Source House, 34 Beckenham Road Backenham, Kent (FR3 4TU

A MEMBER OF THE GOLD FIELDS GROUP



GOLD Time to buy? Call for our current views CAL Futures Lid Windsor House 50 Victoria Site London SWILLONN Tel 071-709 2233

S.J. Dunning, Secretary

BankAmerica Corporation

U.S.\$400,000,000 Floating Rate Subordinated Capital Notes Due 1997 Holders of Notes of the above assue are hereby notified that for the next ers hereby notified that for the next interest Sub-period from 9th

December, 1991 to 9th January, 992 the following will apply: Interest Payment Date: 9th March, 1992.

Rate of Interest for Sub-period: 5% per annum. Interest Amount payable for Sub-period: US\$215.28 per US\$50,000 nominal.

payable: US\$215.28 per US\$50,000 nominal. Next interest Sub-period will be from 9th January, 1992 to 10th February, 1992. Agent Bank

> WOOLWICH - Building Society -

Floating rate notes due 1996

Bank of America

International Limited

Notice is hereby given that the notes will bear interest at 10.9% per annum from 4 1992. Interest payable on 4 March, 1992 will amount to \$271.01 per \$10,000 note and \$2,710.11 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Halifax Building Society

loating Rate Loan Notes 1992 For the three month period from 5 December, 1991 to 5 March, 1992 the Notes will bear interest at th ate of 10.925 per cent, per annua The Coupon amounts will be £135.82 per £5,000 Note and

£271,63 per £10,000 Note, payable on 5 March, 1992 iorgan Grenfell & Co. Lim Agent Bank

1992 - The European Market

The FT proposes to publish this survey on December 18 1991. тоге

predominant role of the EC will have the greatest impact on a company's business over the next few view of 51% of top Chief Executives in Europe surveyed in 1990 who read the

If you want to reach this important audience, call Elizabeth

Vaughan on 071 873 3472 or fax 071 873 3079

Data source: Chief Executives in Europe 1990.

FT SURVEYS

Plastic Containers, Inc.

a newly formed company 50% owned by

VIATECH, INC.

has acquired

CONTINENTAL PLASTIC CONTAINERS, INC.

The undersigned acted as financial advisor to

Plastic Containers, Inc.

CEDAR GROVE CAPITAL, INC.

November, 1991

This announcement appears as a matter of record only November, 1991



Dorr-Oliver GmbH a subsidiary of Dorr-Oliver Incorporated

acquired

Krupp Buckau Maschinenbau GmbH

a subsidiary of Krupp Industrietechnik GmbH

Financing arranged and provided by

BHF-BANK London Branch

The undersigned initiated this transaction and acted as financial advisor to the buyer



FRANKFURT CONSULT

Frankfurt London New York Tokyo A member of the BHF-BANK Group

RAND MINES

RAND MINES LIMITED ("Rand Numes") (Incorporated in the Republic of South Africa) (Registration No. 01/00966/06)



annual general meeting Notice is hereby given that the nunery-south annual general meeting of Rand Mines Limited will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg, on Tuesday, 14 January 1992 at 9 a.m. for the following business:

 To receive the audited Group annual financial statements in respect of the year ended 30 September 1991.

2. To elect directors in accordance with the provisions of the company's

3. To place the unissued shares under the control of the directors in terms of the provisions of the Companies Act. 1973, as amended.

To determine the remaneration of the directors in accordance with the

For the purpose of determining those members emitted to attend and vote at the meeting, the register of members of the company will be closed from 6 to 14 January 1992, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company. If required, forms of proxy are available from the transfer secretaries in Johannesburg and the Umited Kingdom registrars and paying agents Attention is drawn to the fact that, if it is to be effective, a completed proxy

form must reach the transfer secretaries in Johannesburg or the United Kingdom registrars and paying agents at least 48 hours before the time appointed for the holding of the meeting. The holder of a share warrant to bearer who desires to be represented at the meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the bearer reception office of the United Kingdom registrars and paying agents at least five days before the date appointed for the holding of the meeting and shall otherwise

comply with the "Condinors governing share warrants" currently in force.

Thereupon, an attendance form or a proxy form under which such share

warrant holder may be represented at the meeting will be issued. REND MINES (MINING & SERVICES) LIMITED

Registered office. United Kingdom Secretaries: perF. D. W. PEACHEY 15th Floor Viaduct Corporate Services Limited The Corner House 40 Holborn Viaduct 26 November 1991 63 Fox Street London EC1F 1A)

Johannesburg 3001 Note:
The 1991 annual report is being possed to registered shareholders and copies are available from holders of chare warrants to bearers from the London Secretaries.

EUTELSAT XEU 50,000,000. 9% 1985/1993

Bondholders are hereby informed that the redemption instalment of XEU 10,000,000. due jenuary 9th, 1992 has been made, partly by a richase by the Issuer (1277 Bonds at XEU 1000), partly by a draw by lot on November 29th, 1991 in the presence of Madame Jeanne Housse Notary public, in Loxembourg.

Consequently, the 8723 Bonds of XEU 1000,-3457 to 3560 3826 to 4072 3567 to 3574 3578 to 3614 4084 to 4098 4447 to 4801 5389 to 6810 4110 to 4128 4131 to 4242 4604 to 4835 17633 to 23155

Will be redeemable at par, coupons at January 9th, 1993 attached, as from January 9th, 1992, date at which they will cease to bear interest. Redemption and payment of interest due on January 9th, 1992 will take

CREDIT LYONNAIS LUXEMBOURG S.A., LUXEMBOURG GENERALE BANK, BRUSSELS BANCA COMMERCIALE ITALIANA, MILANO

We recall that the following Bonds relating to the previous drawing have

7578 to 7579 7617 to 7633 7798 7852 7805 to 7808 7610 to 7835 7840 to 7847 7906 to 7907 8034 to 8046 8097 to 8153 8164 to 8175 8212 to 8227 8231 8253 to 8259 8346 to 8352 8433 to 8443 8471 to 8472 8553 to 8555 8557 to 8586 8581 to 8588 8801 to 8627 8710 to 8714 8656 to 8659 8718 to 8722 8681 to 8686 8728 to 8737 8694 to 8698 8742 to 8745 8871 to 8943 8776 to 8839 8846 to 8860 8947 to 8950 9074 to 9077 9301 to 9304 8953 to 8981 9016 to 9017 9028 to 9086 9200 to 9205 9333 to 9364 9126 to 9138 9139 to 9200 9401 to 9406 9371 to 9390 9396 to 9398 9410 to 9411 10260 to 10263 10747 to 10754 10782 to 10788 10801 to 10813 10845 to 10861 10865 to 10872 10886 to 10890 11017

14243 to 14244 43568 to 43570 43584 to 43588 Outstanding amount after this fourth amortization: XEU 10,000,000.

THE FISCAL AGENT

11019 to 11040

11292 to 11300



CREDIT LYONNAIS LUXEMBOURG S. A.

11045 to 11054

11149 to 11158

12806 to 12829



11109 to 11113

11229 to 11240

... DM vs £ ... If you have a View, take a Position CONTACT: ADRIAN FRANCIS ON 071-245 0088 ECU Futures Plc, 29 Cresham Place, SW1X 8HI, Dealing Hours From 8,00 am To 9,15 pm

11084 to 11080

14230 to 14236

Planning for the future with renewed confidence and free of debt

REVIEW

The 1991 financial year was one of the most challenging in the history of the Rand Mines Group and saw the implementation of a far-reaching restructuring programme designed to address a series of major and highly complicated problems which had developed in the recent past.

I am most hopeful that the programme which has been an important component of our recent activities and which is nearing an end will enable the company to plan for the future, free of debt and with renewed

Because of the great impact of these events on the company, they are dealt with in the following paragraphs:

Barbrook Mines Limited

After careful consideration, the operations of the Barbrook Mine were terminated during December 1990 and the mine placed on a care-andmaintenance basis. Rand Mines assumed the responsibility for the repayment by Barbrook of bank

At current gold price projections, the mine will not re-open in the foreseeable future. However, various options are being considered and a final decision is expected to be taken in January 1992.

The operations of Barplats Mines Limited, the owner of the Crocodile River and Kennedy's Vale mines, were rationalised with some of the operations of Impala Platinum Holdings Limited (Implats).

Implats acquired an effective interest of 38 percent in Barplats Investments Limited (Barplats) with effect from 21 May 1991, as well as management responsibility for the Barplats group of companies as from 21 June 1991. Rand Mines will continue to hold a significant 45 per cent interest in the Barplats group.

Increase in debt

As a result of the assumption by the company of debt amounting to R275 million incurred by Barbrook and the Barplats group, the company's total debt reached R312 million.

The cash proceeds arising from the disposal of the various investments, as outlined below, together with the reduction in the holding of the company's coal interests are being used to reduce borrowings. At 30 September 1991, the holding company's total debt stood at R87 million. It is expected that this debt will be liquidated in the first half of the 1992 financial

Disposals and Disinvestments

Lotzaba Forests Limited, a wholly-owned subsidiary, was sold to Sappi Limited, with effect from 22 July 1991, for a consideration of RI50 million payable in 1994. This purchase consideration has largely been realised for a current cash value of R100 million.

Similarly, a substantial portion of the company's investment portfolio has already been sold, realising approximately R73 million. Portfolio profits for the year totalled R29.7 million.

Agreement, in principle, to enter into an agreement has been reached for the sale of the Group's chrome mining operations to companies within the Gencor group. The amount to be realised by the Group from the sale is approximately R100 million. All risk and benefit in the companies and in the assets concerned passed to the purchaser with effect from 1 October 1991.

The vanadium production assets of Vansa Vanadium S.A.Limited were sold for R17.3 million during August 1991.

COAL

The operating coal interests of the company, valued at R290 million, were transferred to Witbank Colliery. Limited (Witbank) in exchange for additional shares. The company disposed of some of the new shares. reducing the holding in Witbank to 70.8 per cent.

As a result of corrective action initiated early in the year, the Group's associated gold mines earned profits after tax of R48.1 million in the last six months.

GROUP RESULTS

Attributable profits for 1991, at R250 million, showed a 12 per cent improvement over those of the previous year. These profits included certain abnormal income of R68 million of which R28 million was attributable to the coal division. The attributable profits also include the sale of a significant portion of the investment portfolio, but profits from this source will be lower next year.

Extraordinary charges for the year of R735 million are primarily the net result of the write-offs and losses in respect of the company's investments in Barbrook and Barplats, offset partly by the profit on the sale of the shares in Witbank and the disposal of the forestry division.

DIVIDEND

In view of the fact that the company had significant borrowings at the year-end and in the interests of conserving cash, it has been deemed prudent to declare a substantially lower final dividend of 200 cents (1990: 440 cents) per share, which together with the reduced interim dividend of 100 cents (1990: 120 cents) per share declared in May 1991, results in total dividends for the year being 300 cents (1990: 560 cents) per share.

COMMUNITY INVESTMENT

In response to the deepening socio-economic crisis in South Africa, leading companies in the private sector will contribute R500 million over the next five years to the Private Sector Initiative.

With the participation and support of the communities concerned, this initiative will focus on major projects in education aimed at securing maximum benefit for disadvantaged people in the shortest possible time.

The Rand Mines Group is contributing approximately R12.8 million.

OUTLOOK FOR 1992

The 1992 financial year will essentially be one of consolidation and accommodation to the rationalisation and restructuring reported above. To all intents and purposes the company has become a coal-mining house".

The company still has peripheral, but nevertheless important, interests in gold mining, property and management services.

Any increase in coal profit margins will depend primarily on the degree to which the rand softens relative to the US dollar.

Earnings from gold operations will depend on the prevailing real gold price and the extent to which costs can be contained.

The continuing slowdown in the property market will have a negative impact on the results of Rand Mines Properties.

It is forecast that attributable profits for 1992 will show a slight decline from results achieved in 1991.

28 November 1991



U.S. \$125,000,000

Collateralized Floating Rate Notes

Series A due December 1997 In accordance with the provisions of the Notes, notice is hereby given that for the three months interest Period from December 6, 1991 to March 6, 1992 the Notes will carry an interest Rate of

5%% per annum. The interest payable on the relevant payment date, March 8, 1992 will be U.S. \$1,342.88 per U.S. \$100,000

principal amount of Notes.

December 6, 1991

By: The Chase Manhattan Bank, N.A. London, Agent Bank

CREAT LAKE) FEDERAL YOUNGY



CHASE

Notice to holders of

Bankers Trust International PLC (formerly Bankers Trust International Limited) 400,000 Warrants to acquire Ordinary Shares of

Société Nationale Elf Aquitaine NOTICE IS HEREBY GIVEN that at an Extraordinary General Meeting of Societé Nationale Elf Aquitaine ("Elf") held on 25th July, 1990, the shareholders of Elf resolved, inter alia:-

(a) to increase the nominal value of each ordinary share from 10 French francs (FF 10) to 100 French francs (FF 100) by the incorporation of

to divide each such ordinary share of one hundred French france (FF 100) nominal value into 2 ordinary shares of fifty French france (FF 50) nominal value each.

In accordance with Condition 7(b) of the above-mentioned warrants (the "Warrants") the Entidement (as defined in Condition 7 of the Warrants) of each Warrant has been increased from one Elf Share to two Elf Shares. This increased Entirlement became effective November, 1990.

Principal Warrant Agent Bankers Trust Company, London Branch 1 Appold Screet Broadgate London EC2A 2HE

U.S.\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JULY 10, 1997 Citicorp Banking Corporation

CITICORPO Pursuant to Paragraph (d) of the Terms and Conditions of the Notes notice is hereby given that the period in respect of Coupon No. 32 will run from December 23, 1991 to June 23, 1992. A further notice will be published advising Rate of Interest and Coupon amount payable. cember 6, 1991 Landon Citibank, N.A., (CSSI Dept.), Agent Bank

CITIBAN(

DEN DANSKE BANK U.S.\$60,000,000 Floating Rate Capital Notes 2000

For the six month period 6th December, 1991 to 8th June, 1992 in accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 5% per cent. per annum, and that the interest payable on the relevant interest payment date,

- 8th June, 1992, against Coupon No. 13 will be U.S.\$134.90.

S.G. Warburg & Co. Ltd. Agent Bank <u>|</u>

INTERNATIONAL COMPANIES AND FINANCE

Zenith heads south of the border

Barbara Durr on a US television maker with Mexican factories

ENITH Electronics may have to alter its boast that it is the last US manufacturer of televisions. By next year, virtually all of its television production will be located in Mexico.

The company, based in the Chicago suburbs, announced recently that it would shift the operations of its last US televi-sion final assembly plant in Springfield, Missouri, to Mexico, and that it would close its Taiwan plant for production of monochrome monitors and transfer those operations to Mexico as well. The moves con-

summate a 20-year trend. The company began operations south of the Rio Grande in 1971 and, with the exception of a US plant for large picture tubes, most operations are being consolidated in Mexico. Reflecting a global division of labour, what remains in the US is "all of our knowledge workers," says Mr Jerry Pearlman, chairman.

The cost savings of Mexican production, where hourly wages are only about a 10th of those in the US, have proved too critical to pass up for loss-making Zenith. "If the Mexican operations were in the US, our costs would be \$400m a year higher," Mr Pearlman said

Such an expense would be unthinkable for the company which has been struggling against a tide of red ink since 1985. Under a stepped-up costslashing campaign since last year, it reduced operating costs in 1990 by \$38m and has already cut them by another \$41m this year. But that has not been enough to bring it into the black. By the end of the third quarter this year, losses had already piled up to \$52.1m, or \$1.82 a share, nearly double its losses of \$26.8m, or \$1.01 a black of the corresponding to the cor share, for the corresponding

period last year.
Analysts say that, while it has significant technology, Zenith has not been an efficient manufacturer. They view the consolidation in Mexico as

to have a better fourth quarter this year than in 1990, he said last year was "terrible". Analysts' estimates for the current quarter run to about 12 cents a share, while last year the company lost 94 cents a share. Overall, Mr Pearlman said:
"This year is going to be a big
loss. And that's very unsatisfactors."

Zenith's components, sold to the automobile, computer and cable television industries, which have all been in a reces sion, have done poorly this year. Consumer electronics, though, have fared better.

The company has been increasing market share on the high end of the television market during 1990 and 1991. Yet the difficulty for raising profit-ability lies in the industry's intense price competition. The market share battle is robbing all colour television manufacturers of margins in the US.

brighter on this score, and consequently Zenith has placed a bet on developing high defini-tion products, including a complete HDTV system and flat tension mask monitors.

The company hopes to be able to win the horse race for setting the American HDTV standard. The Federal Commu-nications Commission is scheduled to decide the winner in the second quarter of 1998. Besides Zenith, which is teamed with American Telephone & Telegraph (AT&T) and Scientific-Atlanta, four While Mr Pearlman expects other contenders are competing. These are the Massachusetts Institute of Technology, NHK, the Japanese government-owned broadcasting company, General Instrument Corporation, and a consortium of France's Thomson, Philips of the Netherlands, NBC and the David Sarnoff Research Center

which will present two Zenith has invested about \$20m in its own system, digital spectrum compatible HDTV.

t believes that the US should make one leap into
HDTV rather than engage
in a two-step process which is
being debated in the Europe and implemented in Japan. The company claims its system can use modified conventional television equipment as a transition to full digital systems. Zenith says its more advanced HDTV set would be priced at a fraction of Japan's \$30,000 model, which uses intermedi ate technology and is available

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By F. C*.3

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Even if Zenith does not win the HDTV standards competi-tion, it believes its investment has been "a good gamble of the shareholders' money," said Mr Pearlman. He contends that Zenith's work on HDTV will have eventual pay-offs, through participation in evenand/or through setting new standards for digital compres-sion and transmission in cable. Zenith and Scientific-Atlanta are submitting a joint bid this week to develop that technology for a group of cable compa-

Its flat tension masks (FTMs), considered by many to be the more important product emerging from Zenith high-definition research, are also expected to establish new standards. They take the glare from picture tube television or computer screens, considerably asing eye strain.

These are already being sold to some computer-makers and the US military and could become the model for HDTV If FIMs catch on, Zenith will at last have a less price sem

product. But for now, the problem for Mr Pearlman is that his current markets are priceed and the prospe actual earnings from HDTV are at best three years away. don of Duff & Phelps puts it. "If they're successful, they'll be

IBM's global overhaul aims at agility

INTERNATIONAL Business Machines' personal computer, data storage and printer groups are to be the models for a drastic overhaul of all the computer giant's worldwide operations. The company aims to transform itself into an organisation of increasingly autonomous business units.

Management and organisation changes announced yes-terday include the formation of subsidiary companies representing IBM's global data storage and printer product lines and certain personnel operations in the US. "The new organisations will be on the leading edge of the changes." said Mr John Akers, chairman.

He also, however, instituted management changes and a new system for measuring the success of individual business units, based on their financial performance that will apply to all IBM's businesses. IBM's personal computer side will undergo more rapid change than most other main segments of IBM's business.

A new worldwide personal computer management team has been formed, personal computer development has been restructured, and responsibility for manufacturing of personal computers and work-stations has been assumed by the personal systems business

unit "These changes will allow us to anticipate changing market conditions faster and more quickly make the necessary the marketplace," said Mr James Cannavino, IBM's



John Akers; units will be faster and closer to the markets they serve

structured group.

The new personal computer development organisation, called Entry Systems Technol- yet to be named, will be based ogy, has been formed to in San Jose, California. increase efficiency in developing future subsystems and technologies.

This group will be highly independent, eliminating much of the bureaucracy that currently hampers personal com-puter product development, said Mr Akers.

IBM also announced that its printer business would be spun off into an independent unit, Pennant Systems, with responsibility for developing and manufacturing printers and related software. The printer unit is currently a \$2bn business in a \$30bn market, IBM

IBM's storage products side, which includes a wide range of computer disk drive and other data storage products, will also

manager of personal systems, become a stand-alone subsidwho is heading the newly-

iary. This unit is currently an \$11hn husiness in a \$58hn mar-

ket, IBM said. The storage products subsidiary, which has ment Solutions Corporation,

will be formed to provide selected hiring and recruiting services to IBM in the US. It also intends to market these services to other compa-Changes within IBM's mid-

range computer side include the appointment of brand man-agers for the AS/400 product line in each of IBM's main regional units, worldwide.
Many countries will form dedicated marketing organisations to focus on this product line.

IBM also announced the establishment of an executive steering committee to oversee working relationships among the various parts of IBM's mainframe computer business.

Throughout the company, there will be new managen and measurement systems designed to give individual businesses new independence and accountability to optimise their respective markets, Mr Akers said. These will vary from market to market.

"However, certain principles will apply to all," said Mr Akers, "including individual reporting of financial results." from IBM's main businesses, compensation tied more directly to each unit's performance, and operational changes that will inject more market discipline into the relationships between IBM's business units.

"IBM's marketing and services companies increasingly will become service companies in the true sense of the word," Mr Akers said, "creating-value for customers through their A third subsidiary, Employ-knowledge and skills, and depending less, over time, on product cycles and hardware volumes for their prosperity."

As each manufacturing and development business is different, the degrees of indepen-dence will differ, Mr Akers-

> "We expect these more independent businesses will make better investment decisions because they are more agile, faster and closer to the mar-

> kets they choose to serve. "The IBM Corporation will have increased flexibility to manage the portfolio of busis and focus on pursuing promising growth markets, investing or divesting to maximise IBM's overall financial results," Mr Akers said. ::

Navistar suffers loss of \$67m

By Martin Dickson in New York

NAVISTAR International, the leading North American manu-facturer of medium and heavy trucks, yesterday reported a fourth-quarter loss of \$67m. It also said it expected to report a loss in the first quarter of 1992. The group, hit hard by weak demand for trucks as the US and Canadian economies struggled with recession, said its fourth-quarter sales were the lowest for any quarter in 1991. Its loss worked through at 29 cents a share, on sales and revenues of \$817m, and compared with a loss of \$7m, or 6 cents a

share, on sales of \$971m in the fourth quarter of 1990. For the full year to October 31, it lost \$165m, or 77 cents a share, compared with \$11m, or 16 cents, in 1990.

Revenues were down 10 per cent at \$3.46bn.
The company forecast that demand for medium trucks in the US and Canada for fiscal 1992 would be 121,000 units, about level with 1991, while demand for heavy trucks would rise 9 per cent to 119,000. However, Navistar expected its first-quarter truck production

to be 3 per cent lower than the same period of last year, leading to a loss.

The company added that it would have to recognise a \$1.5bn to \$2.5bn liability when it adopted a new US accounting standard for the non-pen-sion benefits of retirees. All US

companies have to adopt the standard by 1993. Navistar said if it amortised the obligation over 20 years, as the rules permit, this would increase annual pre-tax expenses by between \$75m and

US\$250,000 Note.

Brooke Bond India legal move

BROOKE Bond India part of the Anglo-Dutch group Unithe Angio-Dutch group Unlever, has filed a petition in the Bomhay High Court seeking to restrain Mr Vijay Mailya's UB Group from selling its food processing business to Neatlé-India. Brook Bond claims it had agreed to buy it, writes Gita Piramal.

Brooke Bond India said it had negotiated a Ra70m (\$2.71m) deal to purchase Mr Mallya's 67 per cent stake in three UB units in July.

Mr Mallya had accepted an initial downways of Ra70m

initial downpayment of Resom.

US\$125,000,000

First Chicago Corporation Floating Rate Subordinated Capital Notes Due December 1996

Notice is hereby given that the Rate of Interest has been fixed at 5.1250% and that the interest poyable on the relevant Interest Payment Date, March 6, 1992 against Coupon No. 21 in respect of US\$100,000 nominal of the Notes will be US\$1,295.49. December 6, 1991, Landon
By: Cribank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

Currency Fax - FREE 2 week trial trem Chart Analys s Ltd Osk Anne Whitby Tel: 071-734 7174 7 Swallow Street, London W18 7HD, UK exchange rate specialists for over 18 years

Traders Hotline 0836 405 450

The Traders Workshop 27th January 1992 - Hilton Park Lane Key seminar for Investors and Tradets

Standard & Chartered

Standard Chartered PLC

US\$400,000,000 Undated Primary Capital Floating Rate Notes (Series 3)

In accordance with the provisions of the Notes, notice

is hereby given that for the Interest Period from 6th December, 1991 to 8th June, 1992 the Notes will carry interest at the rate of 4.9625 per cent. per annum. Interest payable on 8th June 1992 will amount id US\$255.02 per US\$10,000 Note and US\$6,375.43 pet.

> Chartered WestLB Limited Agent Bank

INANCE

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Provided Francisco Cools

INTERNATIONAL CAPITAL MARKETS

Bundesbank message says policy will remain tight

min By Richard Waters in London and Karen Zagor in New York

THE Bundesbank may have held back from raising interest rates yesferday, but its message to the market was clear: remain tight.

remain tight.

The targeted growth in money supply next year, at between 3.5 and 5.5 per cent, is half a percentage point below the expected range (although up half a point on the target left for the current year, reflecting the integration of the former. in the integration of the former Bast Germany).

Also, the Bundesbank reiter , ... ated its target of bringing inflation down below 2 per cent. Comments by Mr Helmut Schlesinger, Bundesbank presi achieved in the short-term "It's the sort of thing that ger term," one analyst said. For the moment, though, the bil market was happy to see the

GOVERNMENT BONDS ...

immediate threat of a rate hike shelved, regardless of what happens when the Bundesbank Transit meets on December 19, March marked German governThyment bonds up accordingly.
The March bund future on the strategy of the saw a heavy 39,000 conTracts traded vising from 62 20 tracts traded, rising from 86.28 at the opening to trade at around 86.55 late in the day.

Other European markets that German rates would not rise. French government bonds, which have benefited from a substantial inflow of rifunds this week - much of it irrapparently hedged in the 21 stutures market - rose on the Sombetween longer-dated French and German bonds to around 1 66 basis points.

■ US TREASURY bonds barely noved yesterday morning as the market waited for today's

JAPAN'S trust banking industry voluntarily agreed to introduce stricter guidelines in

is amanaging fund trust accounts,

nent offered to corporate cus-

The agreement followed per-

tomers, Reuter reports.

U.S. DOLLAR STRAIGHTS
ABH 91,894
ALBERTA PHYMICE 93,895
AUSTRAB 81,0200
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BELGIUM 95,090
BETCE 73,497
BHP 83,694
BRITISH 64,583,699
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ELEC DE FRANCE 7 1/4 00
FISH LAND 5 3/8 98
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LAPAN DEV RK 5 1/2 94
ROBE 5 3/8 01
REW ZEALAND 4 7/8 99
QUEBEC HYDRO 5 08
WORLD BANK 7 01

É18 4 5/8 94 ELEC DE FRANCE 5 5/8 96 . FINLAND 6 3/4 96

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NOPPON TEL 8 TEL 5 7/8 96
NORWAY 5 1/8 95
SNET 6 3/4 00

a securities investment instru-

BENCHMARK GOVERNMENT BONDS

	Coupen	Dete	Price	Change	Yleid	Week ago	Mont age
-, :	12.000	11/01	115.7757	+ 1,733	9.51	9.81	9.7
•	9.000	06/01	99,1500	+ 0,100	9,12	9.12	9.1
	5.500	04/02	100.0000	-0.200	8.50	8.64	8.5
	9.000	11/00	99.7500	-0.090	9.04	9.08	8.9
TAN OAT	8,500 9,500	11/96 01/01	97,4418 103,4600	+0.189 +0.290	9.15 8.02	9. T3 8.93	8.8
	8.25	09/01	99.6000	+ 0.300	8.27	8.30	8.3
	12.000	06/01	96.5500	+0.180	12.83	12.63	12.4
	4.800 6.400	08/99 03/00	93.6944 103.9419	+0.268 +0.204	6.01 5.70	6.20 5.88	6.2 5.9
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buyers out of the market.

94.28 to 95.22.

to track the Ecu.

stock

repayable in 2003/2007 climbed

devaluation continued to

weigh heavy, prompting con-cern about the krona's ability

Meanwhile, yields on longer-

employment report for Novem-

her which may determine whether monetary policy will At mid-session, the Trea-sury's benchmark 30 year bond was 4 lower at 1014, yielding 7.85 per cent while shorter-

rated issues were unchanged to a higher.
The Federal Reserve refrained from operating in the open market and Fed Funds

changed hands at about 44 per cent during the Fed's usual intervention period. The market has already largely positioned itself for weak November employment data and a subsequent 25 basis point cut in the Fed's perceived target for Fed Funds to 4½ per cent. It is expected that non-farm payrolls will fall by 50,000 and unemployment will grow by 7 per cent.

■ THE news from Germany, together with continued buying by UK institutions ahead of next week's Maastricht summit, also helped the UK government bond market to a substantial rise on the day. Sterling weakened against the DM, leaving shorter-dated gilts with little to show in the way of gains, and keeping overseas

Japanese trust banks introduce stricter code

lysts said.

Listed are the latest international bonds for which there is an adequate secondary market.

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day.

PLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread-Margin above sta-month offered rate (Stines-month Sabove mean rate) for US dollars. C.cpn=The current coupon.

CONVENTERLE BORES: Denominated in dollars unless otherwise indicated. Criv. price—Nominal amount of bond per share expressed in CONVENTERLE BORES: Denominated in dollars unless otherwise indicated. Criv. price—Nominal amount of bond per share expressed in CONVENTERLE BORES: Denominated in dollars unless otherwise indicated. Criv. price—Nominal amount of bond per share spread in contract of the share of the share of the shares.

The Financial Times Ltd., 1991. Reproduction in whole or in part in any form not permitted without written consent.

Onto supplied by Association of International Bond Dealers.

trust banks have improperly covered investment losses of

important clients, banking ana-

Fund trusts are accounts in

which corporate clients give

banks almost total discretion

on investment decisions. Their popularity soared along with

FT/AIBD INTERNATIONAL BOND SERVICE

An adequate secondary market.

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OTHER STRABERTS /

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CONVERTIBLE BONDS
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DAL-CHI KANSYO 3 7/8 04
EASTMAN KODAK 6 3/8 01
BALEOGRAE 7 1/2 00
HAMSON 9 1/2 06 E
HAMSON 9 1/2 06 E
HAMSON 9 1/2 02 C
LAND SECS 6 3/4 02 C
LASHO 7 3/4 05 C
MITSUI BANK 2 5/8 03
MOUNT SA FIR 6 1/2 97
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SMITTH & NEPHEW 4 02 C
SUMITOND BANK 3 1/8 04
TEXAS INSTRUMENTS 2 3/4 02 C

Belfox to open with **futures** contract By Tracy Corrigan

BELGIUM'S futures and options exchange, Belfox, finally starts trading at 9am today, after several delays caused by technical problems. Initially, the screen-based system will trade a futures contract on a notional government bond.

Options on six Belgian stocks will be launched in February, followed by futures and options on the Bel-20 Belgian share index.

Although the seasonal subsi-dence of business at the end of the year and the uncertainty besetting European bond mar-kets ahead of the Maastricht summit are likely to hold down trading volume initially, some dealers say the contract could attract growing interest

But longer-dated bonds again advanced: the benchmark bond in the new year.

Belgium, with a very high from an opening 112# to 113% on the day, to give a yield of 9.7 per cent. In a moderately busy day on Liffe, the March level of debt - \$200bn - for the size of its population, has reformed its government bond market in an effort to encourage greater international parfutures contract rose from

At the same time, the con-■ SWEDISH government bond prices see-sawed sharply yesof European countries has fuelled interest in Belgian terday as the central bank moved to support the Swedish krona on the foreign exchange markets. The recent Finnish bonds, which many investors perceive as high-yielding

The yield spread between the Belgian and German bond markets has narrowed from 100 basis points at the start of the year to a low of 60 basis points, but is now at about 80 asis points, due to the recent

dated bonds leapt from just over 10 per cent to 10.5 per cent, before heavy buying brought them back to around 10.35 per cent late in the day. strength of the bund market. Futures contracts such as the French government bond future on the Matif, the French exchange, are widely used by spread players between markets and their THE yield on the benchmark Japanese issue No 129 continued to fall yesterday as analiquidity has been boosted by the presence of arbitrageurs. If arbitrage traders enter the lysts continued to report strong buying. By the close of trading yesterday, it had fallen Belgian futures market, its chances of liquidity will improve substantially. to 5.7 per cent from the opening of 5.72 per cent, hitting a

The future will cover maturitles ranging from seven to 10 years, with three linear bonds to deliver.

Generale Bank, Krediet-bank, Banque Ippa, Banque Indosuez Belgique and Banque Paribas Belgique, will act as market-makers. prices in the 1980s.
The guidelines include

The shareholders of the exchange, which has start-up capital of BFr500m, are made restricting excessive soliciting to lend money to customers who wish to invest in fund trust accounts, the Trust Comup of the Brussels Stock Exchange, banks and broker-

panies Association of Japan Amex plans to

By Martin Dickson in New York

-14

8hi 91.50799.55 99.975 99.975 100.65

AMERICAN Express, the US financial services company, is in talks with six companies about the possible sale of all or part of its Amex Life Assurance business, which it wants to shed as part of a restructur-

one of the potential purchasers is thought to be Aegon USA, a subsidiary of the Dutch insurer Aegon. Amex is thought to be seeking around \$500m for the business, which would probably give a gain on the sale of some \$50m to

The business, with some \$1bn in assets, has two units, which could be sold separately. One is a direct mail insurance group which has sold policies on the back of the American Express credit card operation. The other insures against the costs of long-term

Amex is believed to want around \$200m for the direct mail business and \$300m for the nursing insurer. The sale would represent a further retreat for Amex from its trou-bled diversification out of charge cards into diversified financial services.

second biggest financial insti-tution, posted record earnings in fiscal 1991, but its perfor-mance was clouded by sharply

| Coart. | Issued | Press | Pr

Return on equity slipped to 13.9 per cent from 15.8 per



FRIDAY 6 DECEMBER 1991

A.S.L.K. - C.G.E.R.

BANQUE DEGROOF

In launching the notional hond future. Brussels recognises the growing interest in Belgian Government Bonds

This underlying market with 14 primary dealers represents a capitalization of more than 125 billion USD Its liquidity is high and growing, reaching a

Contract specifications: size: 2.5 Million BEF coupon: 9% deliv. bonds: 0L0's (7-10 years)

turnover of 400%

in the OLO's

Price information on: REUTERS: BRNB TELERATE: 25.960 BLOOMBERG: comm. CTM

OF BELGIAN GOVERNMENT BOND FUT

FOUNDING MEMBERS

GENERALE DE BANQUE

KREDIETBANK **BOURSE DE BRUXELLES MARKET MAKERS FUTURE**

BANQUE INDOSUEZ BELGIQUE GENERALE DE BANQUE KREDIETBANK **OTHER MEMBERS**

ANHYP B.A.C. - C.O.B. BANK J. VAN BREDA EN C° **BACOB-REYERS SECURITIES BANQUE NAGELMACKERS** BANQUE PARIBAS BELGIQUE

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ES SECURMES FINACOR & ASSOCIES FOBEURADE G-DMRJ SECURITIES

KB- SECURITIES LELEUX PARTNERS METROPOLITAN BANK NEDEE & C° NOMURA BANK (Belgium) PETERBROECK, VAN CAMPENHOUT et Cie PITTI & Cie **PUILLAETCO** REMY RENWART S.N.C.I. - N.M.K.N. SMEETS, VERBAET & C° SOGENAL SPAARKREDIET VAN DER KEILEN & C° VAN GOETHEM en C° VERHAEGEN, GOOSSENS, DE ROECK & C°

THE MARKET IN PUTURES IS HIGHLY VOLATILE AND YOUR LIABILITY CAN EXCEED YOUR OPIGINAL INVESTMENT

WESTDEUTSCHE LANDESBANK (Europe)

VERMEULEN-RAEMDONCK

BESENTANDED SANS

shed insurance business

ing programme, it said yester-

It declined to elaborate, but \$100m.

nursing care.

CIBC hit by loss provisions

By Bernard Simon

CANADIAN Imperial Bank of Commerce (CIBC), Canada's higher loan loss provisions. Net earnings advanced to

to October 31 from C\$802m in 1990. Earnings per share fell to C\$3.93 from C\$4.03 because a larger number of shares were in issue.

cent, and return on assets to 0.68 per cent from 0.74 per

Loan loss provisions soared to C\$613m from C\$254m, due to the unexpectedly deep recession in Canada as well as some foreign customers' problems. The latest figure includes a C\$138m recovery from the sale of Third World loans.

This announcement appears as a matter of record only.

CORPORACION ANDINA DE FOMENTO BOLIVIA - COLOMBIA - ECUADOR

US\$ 35,000,000

PERU - VENEZUELA

Term Loan Facility

Deutsche Bank Luxembourg S.A.

Banks

ABN AMRO Bank N.V.

Banesto Banking Corporation

CREDIOP - Consorzio di Credito per le Opere Pubbliche

Crédit Lyonnais

Creditanstalt-Bankverein

Deutsche Bank Luxembourg S.A.

Midland Bank plc

Deutsche Bank Luxembourg S.A.



NOTICE OF REDEMPTION

To the Holders of

INCOLIMITED

9% Debentures Due 1992 (the "Debentures")

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated December 15. 1977 between Inco Limited ("Inco") and Morgan Guaranty Trust Company of New York as Trustee and the terms of the Debentures. Inco has optionally elected to redeem on January 15, 1992 all of the remaining Debentures at 100% of the principal amount thereof, together with accrued interest to said date. Payment of the redemption price and accrued interest, which will aggregate U.S.\$1.007.50 for each U.S.\$1.000 Debenture, will be made on or after January 15, 1992 upon presentation of the Debentures together with the coupon for December 15, 1992 at the office of the Principal Paying Agent, Morgan Guaranty Trust Company of New York. Corporate Trust Operations Department. Tellers and Mail Unit. 55 Exchange Place, Basement A. New York, NY 10260-0023 and the paying agents at the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris. Frankfurt and Zurich and the main offices of Swiss Bank Corporation in Basle and Bank Générale du Luxembourg. S.A. in Luxembourg.

Interest after January 15, 1992 will cease to accrue. Payment at any agency outside New York City will be made by a check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in the City of New York.

INCO LIMITED By: Morgan Guaranty Trust Company

as Trustee

Dated: December 6, 1991

Woolworths New Zealand Finance B.V. 107,% Couranteed Bonds Duc 1991

The Rate of Exchange, as defined in Candition 8(b) of the above described Bonds. applicable to the Coupons due December 6, 1994 from those Bonds is US \$0.5620 for each N.Z. Dollar, Each Coupon in the amount of N.Z. 5102.50 will be paid U.S.\$91.33. Morgan Guaranty Trust Company Fiscal Agent

Dated December 6, 1991.

VICTORIA HALL COMPANY, LIMITED USS11,000,000 GUARANTEED FLOATING RATE NOTES DUE 1992

countries with the Territ and Constitute. the fictes conce is hearby goven from the Parte of Interest for the penalt December 5, 1991 to fere 8, 1997, will be 4,9725% po and the crossest porcible per US\$10,000 denominations and the US\$252.45 and per US\$100,000 otoms edibe USSZSZ4 46

By. Calcula. H.J. (CCS) Dept.). Agreet Bank

Russian banking pillars shake but still stand | EIB launches \$500m deal

Leyla Boulton reports on the survival plans being prepared for the troubled industry

central bank structure. It is

acting from a position of strength by presenting smaller republics with a series of faits

The new Russian govern-

ment, which wants to imple-

ment radical Polish-style

reforms, has announced plans for a Russian central bank to

take over Gosbank's central banking functions from Janu-ary, until a banking union is

That puts the biggest repub-

lic in a position to impose its

vision of how decisions are to

be taken in a new Soviet-style

Federal Reserve System. Rus-

sia wants a vote proportional to its size — effectively giving it ultimate control — and

smaller republics, which want

one vote per republic, now have little alternative but to

agree or set up their own cur-

rencies if they can. Russia has already declared

a takeover of the country's rou-

ble printing presses, which all happen to be located in Russia,

and has warned it will issue a

new currency if the Ukraine, which voted for independence

on Sunday, introduces Ukrai-

The aim of a new Russian

currency would be to protect

the republic from a flood of

surplus roubles from Ukraine

in a first stage - and in a

second stage could serve as a

vehicle for a confiscatory mon-etary reform to stabilise Rus-

BANKING in Russia is like Russian roulette, is how Mr Dimitry Tulin, deputy chairman of Russia's central bank, recently summed up the risky nature of commer

cial banking there.
This description could well apply to the whole banking system in the former USSR as dramatically underlined by the Soviet Union's suspension yesterday of principal pay-ments on debts to all western

Following the collapse of central authority following the August coup, the twin pillars of Soviet state banking, Gos-bank, the central bank, and which services the Soviet foreign debt, are still standing.
But only just the backdrop
of financial chaos features a plunging rouble, rapid infla-tion, big budget deficits, debt servicing difficulties, and plans by republics to introduce their own currencies.

The survival of Vnesheconombank, whose already dented reputation as a reliable payer collapsed this week, will depend on the republics' ability to provide it with hard currency to carry out its job as

Republican leaders removed a big obstacle to honouring their side of a debt relief bargain with the Group of Seven industrialised nations when they finalised an agreement centage of Soviet assets and liabilities.

However, the problems of Vnesheconombank - which cited the G7 agreement to justify its unilateral suspension of principal repayments - may

only just be starting.
Confronted with a flat refusal by the west to allow them to service the debt independently, eight republics have reluctantly accepted the princi-ple of channelling debt servicing through one agent (four others have yet to formally

But in their quest to build up their own banking systems. accumulate their own reserves and cushion their populations with imports at a time of radical reforms, debt servicing is the last thing republics want to spend their hard currency

The eight, who may now be joined by Ukraine, Azerbaijan,



Viktor Gerashchenko toasts the future of banking

Georgia and Uzbekistan, signed in the development of a new the agreement only because of a warning by the G7 that their creditworthiness would otherwise sink to zero and new credits would e difficult to come by. Should the "joint and several" responsibility of the republics collapse, Russia has said it will take on the debt, tailoring Vnesheconombank to

its own needs.

Even if the joint approach sticks, Vnesheconombank will still undergo changes as a result of plans to turn it into a joint-stock bank, with each republic holding voting rights proportionate to their stakes in the bank. But, in the meantime. Vnesheconombank has been instructed to re-register

with Russian authorities. One positive development is that it is already rapidly losing its other role as the main bank for foreign trade. The erratic service resulting from the overlapping of its functions as debt manager and commercial bank has resulted in a desperate search by republics, enterprises and foreign partners for alternatives.

As its purpose becomes more narrowly defined, Vneshecon-ombank is also shedding its role as cashier to bankrupt state organisations, such as Soviet railways, which as a result announced they could not sell any train tickets for travel outside the Soviet Union

Mr Viktor Gerashchenko, the Gosbank chairman who was dismissed in August but rein-stated three days later, said in an interview this week he believed the Russian govern-ment's decision to condemn his bank to oblivion in a month's time was just "a war cry".

The main obstacle for Russia so far, though, has not been a lack of serious intention, but the absence of means to carry out its plans. Leaving aside the fact it does not have a hard currency stabilisation fund to introduce partial convertibility, it does not even have a central bank governor it can work with.

The Russian leadership wants Mr Boris Fyodorov, the former Russian finance minis ter who now works for the European Bank for Reconstruction and Development in the

Although the appointment of Mr Fyodorov would greatly enhance the authority of the bank and foreign confidence in President Boris Yeltsin's reforms, the job is not yet

o get around legislation stipulating that the central bank governor can only be removed with parliament's consent, the government has used typically Byzantine tactics to try to unseat Mr Gyorgy Matiukhin, the current chairman who enjoys the patronage of the parliament's powerful speaker. It has said it will replace Mr

Matiukhin's bank with a new institution called State Bank of Russia, and President Yeltsin has accused Mr Matlukhin of violating his parliament man-date to keep a lid on inflation and the budget delicit.

This issue will only be resolved after a showdown with the parliament on this and a host of other economic

Mr Gerashchenko may be right in believing that Ukraine, which voted massively for independence on Sunday, will not carry through plans to introduce its own currency by

But the republic has already received from France a consignment of coupons which it plans to introduce as quasimoney to protect its food supnlies when Russia liberalises prices over the next month.

This alone could serve as an excuse for Russia to introduce its own currency, even though real Ukrainian banknotes will only be ready in May.

The Ukrainian rationale for shunning a shared central banking system and currency was summed up by Mr Olek-sandr Savchenko, deputy chair-man of the Ukrainian national bank, who said before the inde-pendence vote: "Nobody will take us seriously if we don't have our own currency." But this plan, too, is confronted with practical difficulties and doubts among experts about rushing the plan.

"I believe we need at least a year of good preparation before we introduce a Ukrainian cur-rency," said Mr Igor Mitiukov, head of the international division of the republic's biggest commercial bank, Ukraina Bank. "We have no right to act in such a way that the grynia will have the same fate as the

In an interview before the independence vote he suggested that the parliament was wrong to push the government to introduce the currency as soon as possible. "When you're ill you don't go to parliament, you go to see a spe

Many fear that the first casualty of a plethora of Russian currencies will be trade, with Mr Gerashchenko warning that Soviet republics will face a collapse in trade similar to that experienced by the Soviet Union and eastern Europe when the "transferable rouble" was abandoned as a unit of account, together with the end-ing of the Soviet-led trading organisation Comecon.

As republics desperately try to save themselves, they may be making the situation worse, but in the present chaos they feel they have no

The answer is spelled out by Mr Fyodorov, who is already working as a part-time consultant for the Russian government: "The only way to miti-gate this is to go faster to a market economy so that relations are on economic terms rather than political terms . . . Things will then be a question of price rather than the special policy of this or that

but cuts underwriting fees

THE European investment Bank (EIB) yesterday launched its anticipated \$500m deal in the international bond market, sparking controversy by fur-ther paring the fees paid to underwriters. The 10-year bonds carry a 7.5

per cent coupon and were priced to yield 25 basis points

INTERNATIONAL BONDS

more than US Treasury securi-

This was initially considered tight by market participants, but strong demand from European and Far Eastern Institu-tional investors left most par-ticipants short of paper. The yield spread had tightened to 22 basis points by the close of

ABN Amro, the Dutch bank, was the surprise winner of the mandate to lead-manage the deal following a competitive bidding process among leading firms.

The deal was the bank's first

large Eurodollar new issue mandate for two years. It won the bidding process by agree ing to lead manage the deal for fees of just 12.5 basis points, compared with standard fees of 32.5 basis points for a deal of this maturity. By working for lower fees, ABN Amro offered the EIB a cost saving of around

While there is no formal agreement among underwriters as to the correct level of fees for any given type of transaction, leading firms have While big supranational borrowers dominated the international bond market yesterday, Telebras, the Brazilian state-owned telephone company, made a cantious return. The company launched its second Eurodollar bond offerments, a conservative \$100m two-year deal lead-managed by Seloman Brothers.

Salomon Brothers.

The deal was much less ambitious than the company's first The deal was much less ambitions than the company's first outing in the international bond market, a \$200m transaction with an average life of 3.5 years, in September at a yield spread of 4.9 per cent more than US Treasury paper.

The bonds issued yesterday can be put back to the company after just one year and were priced to yield 5.88 per pany after just one year US Treasury bills.

Participants reported firm demand for the shorter-dated, higher yielding bonds following a period when demand for Latin American bonds has been subdued.

Nafinsa. the Mexican state financing agency, was also be a subdued.

Nafinsa, the Mexican state financing agency, was also in the market yesterday, launching a \$100m five-year deal linked to the Mexican stock exchange. Lead-managed by Bankers Trust, the issue offers bonds paying a 6 per cent coupon and warrants on the stock exchange.

been attempting to defend the return paid to underwriters. ABN Amro is not the first bank to win an EIB mandate by reducing its fees. Warburg Securities, Swiss Bank Corporation and Goldman Sachs have each won new issue mandates this year by working for fees which were lower than the

Euromarket standard. Rowever, these earlier deals were handled as "block trades" underwritten by just two or three firms, with the exact level of fees a close secret.

Yesterday, the lead-manager gathered a group of six joint underwriters and the level of fees was widely circulated. Of the top 10 Eurodollar lead nanagers, only Swiss Bank

Corporation agreed to participate in the underwriting.
Senior syndicate officials at other firms questioned whether big borrowers would follow the RIB's example, sparking a price war among Eurobond firms. Elsewhere, the Worki Bank launched a 780bn five year deal, fungible with an out-standing 775bn issue, to create

Sy Michiga

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the largest Euroyen issue and a new short maturity benchmark. The deal, lead-managed by Nikko Europe, carries a 6 per cent coupon and was reoffered 101. At this level, the yield is 5.73 per cent, close to where the outstanding bonds were trading in the secondary mar-

Participants in the deal said institutional demand within Europe was strong, while the lead manager reported briging from several central banks. The deal traded up to 101.10 during the day before falling back to 101.02 bid by the close.

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LONDON MARKET STATISTICS

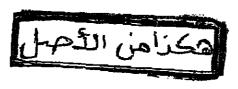
RISES AND FALLS YESTERDAY

	FT-ACTUARIES SHARE INDICES										
	⁶ The Financial Times Ltd 1991. Compiled by the Financial Times Ltd										
	in conjunction with the	e insti	tute o	f Actu	aries :	and th	e Fac	city o	f Actu	aries	
	EQUITY GROUPS	1	Thursd	ay Dec	ember	5 199	1	Wed Dec 4	Tue Dec 3	Mon Dec 2	Year ago (appro
Fi	& SUB-SECTIONS gures in parentheses show number of stocks per section	ladex No.	Day's Change	Est. Earnings Yield % (Max.)	Gross Div. Yleid% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	ladex No.	Index No.	Index No.	Index No.
I	CAPITAL GOODS (179)	723.13	-0.8	9.44	6.75	13.54	33.34	728.92			
3	Contracting, Construction (29)	900.97	+0.1 -0.6 -0.2	8.16 8.31 10.41	7.29 8.40 6.38	16.55 17.64 12.23	51.30	853.72 906.47	919,86	931.98	1153.
	Electronics (25)	1619.10	-0.9 -0.4	11.42 17.35	5.89 8.04	11.10	98.23 52.97 18.52		1609.51	1622.34	1535.
7 8	Engineering-General (43) Metals and Metal Forming (9)	449.29 302.07	-1.4 -0.4	10.76		11.45		455.46 303.14	452.10	451.40	371
TD.	Other industrial Materials (20)	11447.47	-1.0	9.28 8.31	8.63 5.66	14.31 14.31	17.56 58.79		1486.36	1493.20	1259,
22	CONSUMER GROUP (190)	1874.08	-0.4 -0.5 -0.9	7.65 9.04 9.77	3.67 3.71 4.30	16.16 13.39 12.63	38.15 39.79 33.08		1860.50		1572
26 27	Food Retailing (17)	2392.66 4123.96	-0.2 +0.7	9.69 4.99	3.46 2.34	23.40 23.01	58.56 72.62	2397.58	2383,71		2310.
29	Hotels and Leisure (24) Media (25) Packaging, Paper & Printing (17)	1224 60	-1.9 -1.4	8.33 7.39	5,78 5.06	14.86 17.73	45.61 47.66	1248.40 1424.28	1253.13 1423.25	1259.32 1420.03	1242
34	Stores (32).	0.603	-1.9 -0.3	7.50 7.80	4.62 3.82	16.16 16.87	24.43 26.74		738.89 970.21	964.11	523. 819. 437.
40 41	OTHER GROUPS (112)	1168.68 1370.06	-1.6 -1.1 -2.0	7.79 10,29 7.26	5.23 5.66 4.75	16.39 12.29 17.49		603.51 1181.32 1397.74			1022
42 43	Chemicals (21)	1370.05 1277.45	-1.2 -2.0	7.28 11.41	5.36 8.41	17.06 10.77	34,15 38.95	1386.48 1303.29	1381.82 1326.09	1379.77 1360.67	1071 1321
44 45 46	Electricity (16)	2181.08 1146.46	-1.1 -0.7	5.88 15.64	5.17 5.88	22.38 8.32	79.12 27.53	1155.03	1152.55	2194.10 1152.60 1425.05	0.
17 18	Water(10) Miscellaneous (23)	2187.57 1731 75	-0.3 -0.5 -1.8	11.13 19.33 5,78	4.45 7.21 5.72	11,73 5,70 23,81	28.34 131.43 73.58	1414.07 2198.20 1764.22	1420.75 2184.95 1750.47		2168
49	INDUSTRIAL GROUP (481) OII & Gas (19)	1215.82	-0.7 -0.9	8.80 11.76	4.83	14.25 11.25	37.70 104.27	1223,97	1221.81 2215.41	1218.28 2234.35	_
59	500 SHARE INDEX (500)	1301 50	-0.7	9.14	5.01	13.83	42.97	1310.53	1308.42	1306.43	2150.
2	Banks (9)	787,42 1385 88	-1.9 -2.4 -1.7	5.06	6.72 6.74 6.11	38.72	33.01 37.46 63.68	706.90 806.85 1409.76		716.48 830.09 1425.21	734. 782. 1337.
6 57	Insurance (Composite) (7) Insurance (Brokers) (10)	505.92 970.07	-1.9 -1.4	8.42	8.62 6.90	15,63	32.94 49.14	515.55 983.93	514.30 1001.96	504.77 993.29	641. 1013.
59 70	Property (35)	453.38 823.80	-2.6 -1.1 -1.3	6.12	4.75 5.70	23.79	14.84 28.81 11.85	465.67 833.37 236.00	466.86 837.56 236.86	468.10 845.96 236.56	360.4 986.8 253.1
/1	Investment Trusts (70)	1138.67	-0.9	11.36	7.51 3.79	11.07	30,42	1148.53	1139.13	1125.89	1022
~	ALL-SHARE INDEX (661)	1156.71 (odex	-0.8 Day's	- Oay's	5.18 0ar/s	~ Dec	40.06 0ec	1166,58 Dec	1166.18 Kor	1164.78 Nor	1047.; Year
4	FT-SE 100 SHARE INDEX4	No.	Change	High (a)	TOM (P)	4	3	2414.9	29	28	ago

FIXED INTEREST					AVERAGE GROSS REDEMPTION YIELDS Thu Wed Dec Dec 5	Year ago pprox.)	
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British Government Up to 5 years (28) 5-15 years (27) fiver 15 years (8) 4 Irredeemables (6)	. 122.14 . 135.26 . 144.12 . 157.44	+0.53 +0.69 +0.53	134.55 143.14 156.62	3.01 2.89	11.84 11.50 13.68	Methum	10.48 10.48 10.40 10.95 10.68 10.58 10.37
5 All stocks (69) (Index-Linked 6 Up to 5 years (2) 7 Over 5 years (9) 8 All stocks (11)	167.04 148.79	-0.01 +0.24	132.92 167.05 148.43 149.88	0.66 1.21	3.16 3.83 3.81	Index-Limited Inflation rate 5% Up to Syrs. 3.94 3.93 Inflation rate 5% Over 5 yrs. 4.31 4.32 Inflation rate 10% Up to 5 yrs. 3.32 3.31 Inflation rate 10% Over 5 yrs. 4.13 4.15	3,82 4.16 2.58 3.98
9 Delis & Lagas (62)	_		112.10	1.65	10_59	Lean; 15 years 11.20 11.26	12.61 12.40 12.19

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UK COMPANY NEWS

Im deal Oftel calls for regulation

1 ES Treasury pager an be put back to the me ere priced to yield 5.89 h mand for the shorter-date : S period when termind by sapring affence. Ads also par a 2100m White and a

Nasai Suron eets coultant

ELECTRIC TO U.S. The draw their SSUES

Einemich : and the contract of Main Totalia **€ 26%** 100€

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Part Cole . .

orrowers dominated the day, Telebras, the Braille made a cautious return tond the free drai lead-managed h

see than the company's to d specket, a \$200m track sars, in September at a tick

strange. Level-managed by pends belief a police

By Michiyo Nakamoto 'ARLEN, the manufacturer and AKLEN, the manuscrurer and distributor of electrical accessories and light engineering products, reversed into loss at the interim stage as its electronics business suffered a fall in demand from customers affected by the recession.

- Just Pre-tax losses for the six months to September 30 were £527,000 compared with profits of £453,000 previously. The fall came despite a 26 per cent Equity & Law sets up direct sales force

> --- Equity & Law, the life assurance and investment management group owned by Axa-Midi of France, is to set up a 120-strong direct sales force. At present Equity & Law sells its products via agencies and a network of independent intermediaries.

anti-competitive cross-subsi-

subject which it plans to pub-lish only hours before institu-

tional investors have to put in

their final bids in the govern-ment's £6bn BT share sale.

BT's business of supplying cus-

tomers with telecommunica-tions equipment. Many BT cus-

tomers rent equipment - such

as telephones and switch-

boards - from the company as

well as making calls over its

Oftel's statement will con-

- clude an investigation into

have been taken from the group sales team of Target, the former TSB subsidiary bought by Equity & Law earlier this

By David Barchard

Half of the new sales force

The sales force will expand to 200 by the end of next year

TIGHTER REGULATION of The watchdog believes that Oftel's investigation for the BT's £1.35bn a year equipment its new regulations should not first time. The prospectus said ... supply business to prevent affect the government's share sale although they will be reasonably important in determining the way BT runs its busi-

over BT equipment supply

The state of the s

dies is expected to be announced today by Oftel. The industry regulator has drawn up a statement on the It is not known whether the timing of the statement has any connection with the share

> BT is already required to run its equipment supply business on an arm's length basis from its main business of carrying telephone calls. But Oftel is thought to have concluded that the existing regulations are not sufficient to prevent unfair cross-subsidies between the

increase in turnover to £16.9m

first time. The prospectus said BT believed the effect of the inquiry was "unlikely to be material".

So far 2.4m share applications have been counted from retail investors whose forms had to be delivered by Wednes-day morning. The number is expected to creep up slightly as more applications are counted. although it is unlikely to reach the 3m which government advisers had been predicting

earlier in the week. The average size of retail applications so far processed is for 560 shares, higher than expected. It is likely that these will have to be scaled back by The BT share prospectus about a third when allocations revealed the existence of are made over the week-end.

Arlen lapses into £527,000 loss

(£13.4m). The overall interest charge surged from £10,000 to The interim dividend is passed (0.5p). Losses per share were 2.31p (earnings of 0.64p). This is the first time that Arlen has included the trading results of a full six months from Norbain Electronics, which it acquired earlier this year, and Highland Electronics, the electronics distributor with which it merged last year. Highland has been badly hit by recessionary effects on its customer base among capital goods and consumer products

manufacturers.
Haywood Engineering, its loss-making fastener manufac-turer which was acquired in June of 1989, is being closed as there is no immediate prospect of recovery, the group said.

DIVIDENDS ANNOUNCED Total last year Current Date of ponding payment payment dividend Alraprung Alba Darby § ... 2.63 1† 1.2† 0.75 4.85 Apr 27 Mar 6 Jan 17 Mar 24 1 1.2 0.5 4.35 3.3 Eastern Elect . 10.12 22.7 5.55 8,25 5,26 13.8 2.2 3.75 PowerGen Radio Clyde § ... Scape Tiphook Wellman Westland 3,05 *Jan 2*4 Jan 31 4,4 0,8 2,75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. fOn capital increased by rights and/or acquisition issues. §USM stock. *Carries scrip option

Quality Street in black with £222,000

By James Buxton, Scottish Correspondent

QUALITY STREET, the company formed in 1988 with the backing of Nationwide building society to supply and manage private rented hous-ing, has moved into profit for the first time. It is also reorganising its relationship with Nationwide.

QS was set up by Mr Paul Mugnaloni, formerly director of housing for Glasgow District Council. The company has now invested £121m in 1,816 housing units all over the UK and claims to be Britain's "largest provider of quality private rented accom-modation".

In the year to March 31 1991 it made pre-tax profits of £222,000 on rental income of 26m. after providing £700,000 against the cost of properties under development. In 1990 it lost £349,000 on rental income

When QS was set up, Nation-wide took 25 per cent of the company's £1,000 capital and invested £2m in non-voting cumulative preference shares as well as allocating funds for mortgages on QS's properties. Now Mr Mugnaioni, the chairman, and another direc-tor are buying back the ordinary shares from Nationwide, which is committing £150m in long-term mortgage funding on a rolling basis. QS is also raising £10m in a convertible capital bond from an unnamed

He said that the change in the relationship with Nation-wide would end the problem of QS "being seen as a subsidiary of Nationwide, even when we weren't" and would free the company from the provisions of the Bullding Societies Act. Mr Mugnatoni said that QS had expanded its operations more slowly in 1990-91 because of the uncertainties of the property market in the south of England and the fact that the market in Scotland was, until recently, still

rising. The company had occupancy levels of more than 90 per cent on its properties and Mr Mug-naioni said he was confident the market for quality renting would show strong growth.

GUS shows marginal advance to £186.6m

By Jane Fuller

GREAT UNIVERSAL Stores, the mail order, financial services and property group, made good its recent pledge to increase profits for the six months to September 30 - but only just.

Profit before tax, including property gains of £4.1m (£4.3m), increased by 2.5 per cent to £186.6m (£182.1m) on sales of £1.17bn (£1.18bn).

Mr Richard Pugh, chairman, predicted at last month's annual meeting that the results would be better than last vear's.

Most of the divisional businesses, from UK and overseas home shopping to property rentals, reported slightly increased results. Profits were split roughly

equally between shopping -mail order and retail - and finance and property Home shopping saw pre-tax profit inch ahead to £78.2m (£78m), while the much smaller overseas retailing division

advanced to £8.7m (£6.1m). Burberrys, however, slipped back by £200,000 to

Consumer and corporate finance, business information and investment income were virtually flat at £61.2m (£60.9m). Property rental and disposals accounted for £26.7m

(£25.1m). Mr Pugh said some improve-ment in trading profits had bal-anced the adverse effect of lower interest rates on finance

The geographic breakdown showed that nearly 85 per cent of profit arose in the UK. Western Europe accounted for 7.5 per cent and the Far East and Africa for 6.2 per cent, leaving less than 2 per cent in North

Mr Pugh said there were some "selective signs" of more economic confidence, but it would be unwise to expect a rapid improvement in corporate and consumer demand. He added: "It would be unre-

alistic to assume a return to the tempo of activity that accelerated the inflationary pressures of the last few years indeed such a situation would be self defeating and

lems in the longer term."

Earnings per share advanced modestly to 50.7p (49.1p). The interim divided goes up by 0.75p to 12.75p.

would pose even more prob-

COMMENT GUS's A shares declined 4p yesterday to close at 1274p, continuing the dull performance of the past month. It seems a far cry since the stir created after the death in June of Sir Isaac Wolfson, the group's pioneering spirit. Then there was some excitement at the thought that the A shares might at last be enfranchised and that the group might begin to change into a more lively realised and the group faces two negative pieces of senti-ment. One is that the earnings

potential of its cash pile is falling with interest rates. The other more serious, reservation is that as the leader of the UK's mail order market, with 40 per cent, it is vulnerable to competition. This is looming larger since continental competition reached the UK with the purchase of Grattan by Otto-Versand and Empire by La Redoute. To be fair to GUS, its defensive qualities have been amply proved by 44 years of pre-tax profit increases, which it should marginally extend this year with a forecast £432.5m (£431.3m). With the end to the UK recession receding, maybe defensive qualities should not go out of fashion just yet. GUS is also bound up in general worries about the stores sector as companies try to grab Christmas sales by discounting and opening on Sun-days. Although a prospective multiple of nearly 11 does not look demanding, the shares seem unlikely to make much

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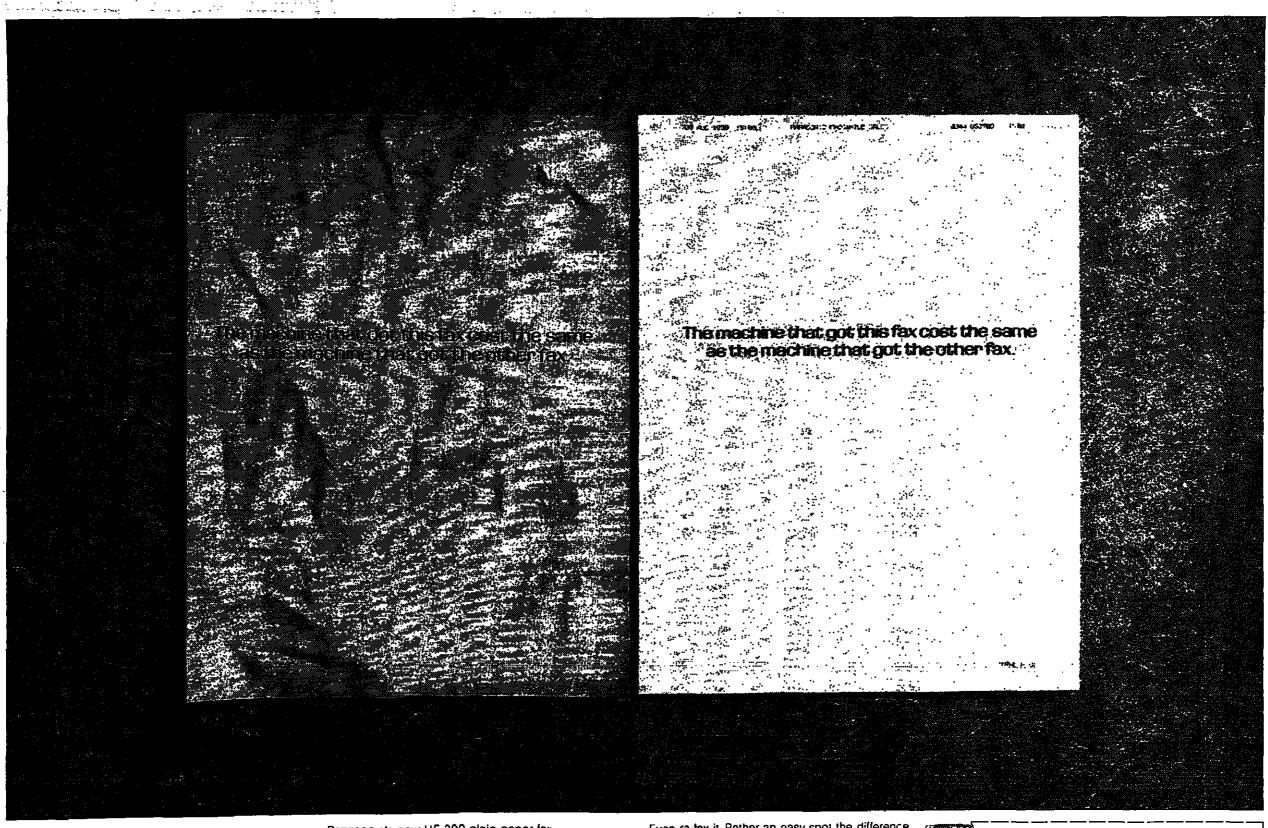
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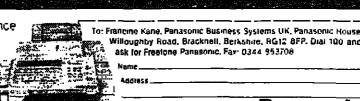
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about the one on the right.



Panasonic

Juliet Sychrava reports on diverse results from two of the UK's recently privatised electricity generating companies

PowerGen pleases City with advance to £97m

reported pre-tax profits of £97m for the half year ending Sep-tember 29, an increase of 15.5 per cent on a restated £84m last time.

The improvement in earnings per share to 8.45p (7.04p) was warmly welcomed in the City, while the dividend of 3.05p, up 10.1 per cent from 2.77p, was in line with expecta-

Operating profit before exceptional items improved by 23 per cent to £79m. Turnover

grew 21 per cent to £1.350n.
PowerGen's average selling
price for the half year was
3.45p per unit, compared with
3.14p last year, and its market share improved, especially in the fossil fuel market, where it gained a 4.2 per cent share from National Power. There was a modest improve-

ment in operating margins operating profit per unit was up just over 11 per cent to 0.2p.
Manpower fell by 7 per cent over the half year as more than 1,000 jobs were cut. The company anticipates saving some £20m in staff costs over the full year. Fuel costs fell by about

yesterday 1.5p per unit, the company

of £210m, similar to the previous year, with capital expenditure of £167m primarily on its new gas-fired stations. Capital expenditure for the full year will be about £350m, with a similar figure over the next two years, the company said. Provisions for station clo-

Provisions for station clo-sures increased by £20m, mak-ing a total provision of £305m. The company is to press ahead with closures of older plant.

• Kinetica, owned jointly by Conoco (UK) and PowerGen, claims to have emerged as the largest independent gas sup-plier. This is based on its pur-chase of output from the Ang-lia Field which came on stream on December 1, in addition to existing supplies bought on a swap basis from British Gas.

The upbeat tone of PowerGen's briefing yesterday provided something of a contrast to National Power's more reserved presentation last week, and the City seems to be welcoming PowerGen's relaxed

approach to the risk that the regulator might accuse the two generators of artificially boosting pool prices. Mr Ed Wallis, the company's chairman, made it clear he was prepared to face the regulator on the issue, and his defence — which pointed out how far above present pool prices the entry price for new stations is, and how modest the company's margin over 2p per unit coal costs was seemed to convince analysts. His assertion that PowerGen was a growth rather than a yield stock was also well received. Regulatory risks aside, the company faces no obvious business risks since almost all its power is sold on contracts. Meanwhile, the company's management of its portfolio of power stations is impressive: its plans to close high cost stations are clear and its new stations are on schedule. City forecasts for the full year pre-tax profit were broadly in a £335m - £345m range, putting the company on a prospective ple of 7.3 to 7.4. The full year dividend is expec-



Traver Humphries
Ed Wallis: prepared to face the regulator over prices

Eastern falls but expects to benefit from new contracts

yesterday reported a fall, from £18.6m to £15.4m, in pre-tax profits for the half year to Sep-

Figures for the comparable six months were struck on a pro forms basis.

Earnings per share were 4.3p against 5.2p and a maiden interim dividend of 4.85p is The main reason for the decline in profits was the com-pany's decision to carry the cost of buying more electricity contracts in the first half of the

This led to a £52m loss in the supply business, com-pared with a \$27m deficit last

year.

However, the company estimated that the benefit of the new contracts, which protect the company from pool price fluctuations, would be felt via a £10m increase in supply profits in the second

Turnover was up by £72.5m to £821.7m with underlying unit sales ahead by 3 per

The company estimated, however, that this sales growth

would drop to 2.4 per cent over the full year. Growth in domestic sales was particularly strong, at 6.5 per cent. Eastern said it expected to keep price increases to domestic consum-ers next April within the rate

of inflation.

Operating margins fell from
429 per cent to 3.16 per cent.
But Eastern has made some
cost cuts, reducing staff by 2.5
per cent, or about 200 people,
and saving fl.4m in the contracting business.

The retail and contracting businesses made small profits, Eastern said, and it expected first profits from its generation business in 1994-

The company's capital expenditure fell from 250m to \$44m, and gearing on net debt of £241m was down from 41.6 per cent pro forma to 34.4 per cent.

• COMMENT Caution was the keynote at Eastern's interim meeting yesterday. The company warned it

might withdraw from a pro-posed power station joint-ven-ture with Mobil, drew attention

to the fact that it was incurring costs how protect the room the pool later, and finally SC pointed out that its dividend had been set to ensure sustain and able growth in the long term. able growth in the long term.
That caution cannot hur the company where the regulatoring is concerned – and the City Moral likely to view Eastern's low return on assets as another. return on assets as another return on assets as another reputator. Being well project in regulator. Being well project at the regulator. Being well project at the pool, and so the coryton gas of the pulling out of the Coryton gas of the pulling out of the Coryton gas of the when doubts are being on time when doubts are being on cast on the economics of many only help the company in the world help the company in the world help the company in the somewhat negative chase for a somewhat negative chase for an analyst put it, the jewel in the lectricity crown with its excellent regional prospects and the lectricity crown with its excellent regional prospects and the contract of the coryton with its excellent regional prospects and the contract of the contract of the coryton with the second contract of the con return on assets as anothe electricity crown with its excellent regional prospects and good cost cutting potential some in the City suggest man agement changes are due. Full year pre-tax profits are expected to be about \$144m transported to be dend rise of between 10.7 per cent and 12 per cent.

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N American activities help lift Scapa to £20m

By Daniel Green

CONTINUED expansion in North America helped Scapa Group, the maker of specialist products for the printing and paper industries, to a 2.5 per cent increase in interim prof-

For the six months to end-September pre-tax profits rose to £20.3m (£19.8m), although earnings per shares slipped to from 6.88p to 6.18p reflecting the good performance of the company's Indian operation, which pays tax at 50 per

The interim dividend is being increased by twice the rate of profits growth to 1.52p

The proportion of the company's business in North America continued to grow. "In North America, the product mix and the size of the market helped margins," said Mr Bill Goodall, Scapa's chair-

North American turnover accounted for 39 per cent of the barely changed £141m total for the whole company.

Operating profits from the

region were 57 per cent of the total.

UK margins suffered dispro-portionately. Products here are less aimed at the paper business and more towards general industrial

applications Mr Goodall said the second half would show little improve-

The acquisition programme however, would continue. The company is looking at pur-chases in its industrial materials division both in Europe and North America.

It hopes to make another acquisition soon. In September, the company strengthened its balance sheet

by refinancing much of its short term borrowings through a \$100m (£56.4m) senior unsecured note issue. Some \$60m has already been raised by the issue. A further \$40m can be taken up before

Gearing will still be less than 20 per cent after the completion of the £27m acquisition of Scandiafelt, one of its Swedish competitors.

The purchase, announced last month, will be completed at the end of January.

SCAPA GROUP PLC

Interim results for six months

ended 30 September 1991

Sales £141.4 million (£141.6 million)

Pre tax profits £20.3 million (£19.8 million)

Earnings per share 6.18p (6.88p)

Interim dividend increased by 5 per cent to 1.52p

Investment of \$22 million in Hewitt Machine Co. Inc., U.S.A.

Offer of £35 million for Scandiafelt AB, Sweden, for expansion of

Copies of the Interim Report will be circulated to shareholders on 11 December 1991 and thereafter will be available from the Company Secretary, SCAPA GROUP PLC, Oakfield House,

93 Preston New Road, Blackburn, Lancashire BB2 6AY.

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R W Goodall, Chairman

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Airsprung retains bounce with 26% rise to £1.7m

ted to rise by some 10 per cent to about 9.2p.

Airsprung Furniture Group, the Wiltshire-based beds and upholstery company that moved from the USM to the main market in July, yester-day announced interim profits ahead from £1.35m to £1.7m

The 26 per cent expansion The 26 per cent expansion for the six months to end-September followed a 49 per cent jump in the outcome for the group's full-year. Turnover improved to £26.9m (£25.6m).

Mr John Yates, chairman, said the result had been achieved against a difficult

achieved against a difficult period for the economy in gen-eral and the furniture trade in particular.
The second half had started

well with sales and profits ahead of last year. Proceeds from August's £3.2m rights issue were used to reduce borrowlings, but Mr Yates did not rule out acquisitions if the right opportunity arises". The interim dividend is

maintained at 2.63p on the higher-capital, payable from earnings per share of 9.82p

Provisions leave Greycoat £5.8m in the red

By Vanessa Houlder, Property Correspondent

GREYCOAT, the property company which has seen its share price fall by 70 per cent since March, yesterday announced a pre-tax loss of £5.8m for the six months to

The result, which compared with a pre-tax profit of £13.23m a year earlier, was scored after provisions of £7.97m against activities it has curtailed. Most of these related to its US portfolio, with a further £2.23m stemming from retail properties in

Greycoat's share price has come under heavy pressure because 89 per cent of its portfolio is in the hard-hit central London office market and the City has been con-cerned that falling asset values could eventually require a renegotiation of its banking facilities.

STEEL BURRILL Jones, the

UK insurance and reinsurance

broker continued on its acqui-

sition trail yesterday with the £33,4m purchase of Regis Low

Holdings, another broker, writes Daniel Green.

The move strengthens SBJ's

The payment to the vendors

position in the energy and

of Regis Low is in the form of

11.4m new ordinary SBJ

marine insurance markets

The company yesterday emphasised the stability of its funding. "Our financing programme has in the case of all our recent major developments, carefully matched outgoing interest payments to incoming rental income. Debt maturities are reasonably spaced over the next decade," it said.

Analysis were encouraged by the com-pany's comment that a revaluation last month of its £200m Embankment Place building showed it had fallen by less than 4 per cent since March.

The company's net rental income increased from £12m to £21.7m, while its interest costs increased from £3.73m to £17.8m. For the first time, five months rental income was included for its Embankment Place office building, which

£1.7mL

Steel Burrill Jones acquires broker for £33.4m

shares. Kleinwort Benson, the

securities house, is placing 7.1m of these these with insti-

tutional investors at 2850 per

The shares are being offered to existing shareholders on the

basis of 20.8 for every 100

day fell 11 to 305p.

The SBJ share price yester-

Regis Low's turnover for the

year ended September 1991 was

will be occupied next year by Coopers & Lybrand Deloitte. Greycoat said its administration costs of

£5.36m (£3.76m) could be cut by half over the next two years, as the company con-centrated on investment rather than devel-It has decided not to commit more

equity to its proposed Paternoster Square scheme, by St Paul's, which is seeking planning permission, and other projects at Moor House and Victoria Transport Interchange are on hold.

The share price advanced 3p to 115p. Losses per share were 2.9p (10.9p earnings) before provisions and 12p after. The interim dividend is maintained at 2.3p, payable from distributable profits from prior years.

to £1.05m By Paul Cheeseright IN SHOPS, the 16 Birmingham-based propertys company which operates retail or centres and serviced office H2 huildings, yesterday reported list pre-tax profits of £1.55m for at the six months to September will compared with £1.91m last has time.

Cautious

In Shops

declines

time. 1934

Karnings per share fell from 1934
3.74p. to 2.05p. The figures are 1931
not necessarily a precursor of 1941
a fall of similar proportions of 1941
for the full year. Historically 1931
the company has made typical thirds of its annual profits in 1929
the second half

On a pro forma basis, before cost savings, earnings would rise from 19p to more than 21p.

"We couldn't grow four involvement in energy and marine] by staff recruitment. We had to make a purchase," said Mr Keys.

SBJ is not taking in Regis to accommodate the extra scol costs of taking over two ser in viced office centres.

The interim dividend is SBJ is not taking up Regis Low's 10.94 per cent stake in a third broker, Windsor. Buyers have been found for that hold-

tion was earnings enhancing. **NEWS DIGEST**

£11.7m (£8.7m) while the con-

solidated pre-tax profit was £4.6m (£3.7m). Net assets were

In 1990, SBJ made a pre-tax profit of £9.44m on brokerage income of £31.72m. The direc-

tors yesterday proposed a final dividend of 9p (8.25p) for the

current year.
Mr Tony Keys, SBJ's finance director, said that the acquisi-

Improved UK showing lifts Alba

IN ITS seasonally unfavourable first half, Alba, the consumer electronics group, reported taxable profits ahead from £1.06m to £1.16m.

The outcome for the six

The outcome for the six months to end-September reflected improved trading conditions in the UK with encouraging performances by the Bush and Alba brands, which continued to build market share, and the Hinari domestic

appliance division. Overseas, Hong Kong-based Harvard Maritime reported sharply increased sales. Activities in Germany and eastern Europe showed a marked decline but were now showing signs of recovery.

Turnover amounted to £49.5m (£46.8m). The interim dividend is held at 1p, payable from earnings of 1.82p (1.85p)

Interest charges hit JS Pathology

A turnround to interest pay-able resulted in sharply reduced pre-tax profits at JS Pathology, the clinical pathol-

ogy laboratory.
The outcome for the six months to end-September – £728,000 against £1.74m – was struck after interest charges totalling a net £183,000, com-pared with income last time of £741,000, as the group invested in premises, new equipment and computerisation.

Turnover amounted to 25.86m (25.78m). Rarnings per share fell to 3.7p (8.6p) but the interim dividend is maintained

Euromoney link to WEF for magazine

Euromoney Publications and

Euromoney Publications and World Economic Forum have formed a joint company to publish World Link, the magazine of WEF.

World Link was first published in 1988 as a platform for key members of the international business community, political and government leaders, and figures from academia and the media. It has 100,000 readership in 170 countries.

Euromoney will have a 20 per cent shareholding in return

for providing, as a loan, the working capital. Depending on have shown in the past the ability to make very satisfacworking capital before the magazine's future profits, this stake could rise to 50 per cent; Euromoney expects this to happen by June 30 1996 for a cost of £1.1m.

Drummond swings back into black

Contributions from each of its core businesses helped Drummond Group, the Bradford-based textile company, swing back into the black at the pre-tax level in the half year to

Profits amounted to £510,000 against losses last time of £550,000, although that figure was struck after exceptional charges of £660,000 relating to contractual losses.

(£18.1m) mainly reflecting the acquisition in January, of the Armatex polyviscose business from Casket.

Earnings per share emerged at 1.02p (9.27p losses); the interim dividend goes up 50 per cent to 0.750.

cent to 0.75p.

Murray Split Capital Trust

Net asset value per capital share of Murray Split Capital Trust stood at 143.38p at the end of the initial 21-week period to October 31. Net asset value of the income shares was

Revenue before tax totalled £98,930. Tax took £73,054 leaving £25,876 available for income shareholders. Earnings per income share came out at 5.32p and a maiden interim dividend of 2.5p is declared.

Losses grow at slimmer Phoenix Pre-tax losses at Phoenix Tim-

ber Group grew from £379,000 to £1.13m in the six months to

to £1.13m in the six months to September 30.

The company withdrew from importing and merchanting timber at the end of April and the operating losses from ongoing businesses were £467,000 (profits £395,000). Discontinued businesses contributed £230,000 last time.

last time.

Group turnover plunged to
£12.9m (£31m) with ongoing
businesses pitching in a lower
£10.3m (£11.7m).

Mr Peter Quinn, chairman,
said: "Following the reorganisation, the group will comprise
a number of businesses which

animy to make very satisfac-tory profits."
Extraordinary charges of £2.65m (£500,000) represented costs associated with the clo-sure of the timber trading busi-nesses. Losses per share totalled 7.8p (2.8p). The interim dividend is passed (0.5p).

Delaney at £0.14m in third quarter

In a move to counteract "the somewhat confusing and con-flicting statements being made daily by economists and politi-cal commentators", Mr Nathu Puri, chairman of Delaney Group, has released nine months results for this furni-



Nathu Puri: underlying

His intention is to demonstrate that "the underlying trend, as shown by the reduced operating loss in the latest quarter, is improving". Mr Puri anticipates that this will continue in the final quarter.

In the third quarter, turnover was £5.22m, the operating loss £58,000, exceptional credits (relating to settlement with Burton Group) £290,000, interest charges £33,000 and pre-tax profits £139,000. In the results for the six months to June 30, turnover was £11.1m, operating losses £460,000, interest charges £460,000 and pre-tax losses £460,000.

Darby suffers 56% fall to £406,000

Darby Group, the USM-quoted manufacturer of specialist glass products, returned profits of £406,000 pre-tar for the half-year ended August 31, a 56 per cent downturn on last time's £918,000.

per share worked though at 2.67p (4.05p) and the interim dividend is a same again 1.2p.

Wellman declines 70% to £344,000

Pre-tax profits of Wellman, the West Midlands-based industrial furnaces and process engineering group, were reduced by 70 per cent, from £1.17m to £344,000, in the six months to

September 30.

Mr Geoffrey Iley, chairman, said that demand in many of the group's markets remained significantly depressed, but there were also exceptional costs of £387,000 relating to redundancies and reorganisation, which knocked profits down further.

(£15.1m) and trading profits dropped 34 per cent to £736,000 (£1.11m). Fully diluted earnings emerged at 0.7p (2.2p) but the interim dividend is held at

Regina cuts losses by more than £4m

Regina Health & Beauty Products, the USM-quoted royal jelly group, reported pre-tax losses of 2505,000 for the 14 months to August 31 - a sharp reduction from the 24.7m losses for the year to June 30 1990.

Mr Shiraz Malik-Noor, who became non-executive chair-man last December and assumed full executive control in March, imposed tighter con-trois and a new management team. He also injected £660,000 of fresh capital into Regina. Turnover was down at £3.21m (£5.7m) but operating losses were cut to £196,000 (£641,000). Net interest payable fell to £57,000 (£285,000) while exceptional charges were sharply lower at £252,000 (£3.77m). Losses per share totalled 0.29p (19.7p).

ATA Selection arm in liquidation

USM-quoted financial services and recruitment group, said it had put its recruitment subsid-iary, ATA Selection and Man-agement Services, into volun-tery implication tary liquidation.

ATA said the division was involved in the placement of

Turnover of £9.42m com-sales, engineering and creatives pared with £7.07m. Earnings staff. Difficult trading condiper share worked though at tions had caused last year's vii losses of £283,000 to increase to £650,000 in the 11 months to N November — a level the board 1021 considered it would be irre-£12 sponsible to continue to suppent

Binatone increases Jow Betacom stake

Binatone Holdings, the cond 61 sumer electronics companyeds owned by Mr Gulu Lalvanidust has raised its stake in Betalah

com, the telecommunications!
supplier, to 18.5 per cent.
Binatone bought a 15.11 per 537
cent stake in Betacom bought cent stake in Betacom on and Wednesday for an undisclosed \$23 sum from Grande Holdings, the Hong Kong electronics com *** pany controlled by Mr Stanley *** pany controlled by Mr Lalvani, now based in pany Hong Kong, said he was in discussions with Cannon Street Investments. Betacom Street investments.

cussions with Cannon Street Investments, Betacom's main-shareholder, which holds 29.9 per cent. He said he would furto London in about 10 days to meet with Betacom's management.

"If I get co-operation from the management I believe we the management, I believe we can add synargy to the coin years because I know what they are doing wrong," Mr Ial 120 yani said

vani said. but bate vani said bate vani said. Betacom said yesterday that adt it was aware that Binatone had no say comment to make.

Radio Clyde

declines to £1.4m Profits of USM quoted Radio⁽¹⁹⁾
Clyde Holdings fell to £1.4mp. 11
pre-tax for the 12 months has ended September 30, a decrease of 35 per cent on the previous year's £2.17m.

The group increased is flow broadcasting activities in April 100 via the purchase of Radio 113
Forth on a share-exchange 125
basis.

basis.

The profits announced include a £165,000 contribution? Id from Radio Forth during the Lid period since acquisition.

Group turnover improved by from £3.38m to £9.45m. Earn? of ings fell to 12.4p (22p) per share! but a same-again final dividend of 5p maintains the total at \$3.25p.

8.25p.
An extraordinary debit of 2540,000 mainly reflected al 22 write-down of the group's of investment in Buzz FM.

be group.

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However, he indicated that

sales in the next 12 months were likely to be flat after year than the 19 handed over to customers in 1990-91. This

9,800 to about 9,000 over the

Orders received fell from £452m to £407m, reflecting the drop in airline activity and defence spending cuts. How-ever, Mr Jones said the group had won more repair and overhaul business than ever before, and this would become

growth prospects for the KHi01, indicating potential sales of some 250 helicopters in the civil market, especially for the offshore oil industry,

expected to place an initial order soon, although substantially smaller than the UK contract, and negotiations are due to be held with Canada for up

*NHL axes 135. jobs in cost cutting plan By David Barchard

National Home Loans, the troubled mortgage and finan-cial services group, has made 135 of its 900 staff

"New lending has been cut to a minimum in all areas of the business and this has inev-

cies," Mr Milner said. Last month NHL announced pre-tax losses of £47.9m in the year to September after making bad debt provisions of £88.7m, up from £7.3m in 1990. The group said then that it was considering a range of options for its future, from an outright sale to a restructuring and refinancing. Mr Milner said yesterday that so far no decision had been taken.

Westland winged by exceptional

costs By Paul Betts and

AFTER exceptional debits totalling £7m, pre-tax profits at Westland, the Somerset-based helicopter group, were down to £23.7m (£26.2m) in the 12 months to September 27. But Mr Alan Jones, chief executive, said the group was now "on a sound footing" following a recent

Fully-diluted earnings worked through at 11p (10.4p) per share. The total dividend goes up from 3.75p to 4p via a proposed final of 2.75p. Mr Jones said the move was "a signal that we have a good sound halance sheet

increasing by £56m to £467m this time. Deliveries of helicopters were still going through a difficult period, and would be fewer in the coming compared to just 14 the previ-

ous year. The workforce was cut from

an increasingly important part of its operations. He was optimistic about

The group is expected to total £1.5bn value of the UK naval order order, for which IBM of the US is acting as prime contractor. Italy is

to 50 helicopters.

An amouncement is meanwhile expected early next year on a UK contract for between six and nine Sea King search and rescue helicopters, a sale long awaited by Westland to fill its order gap.

Mr Eric Kinder, chairman, said that profits during the third quarter had risen by 3 per cent compared with the corresponding three months last year.

Mr Kevin Milner, chief executive, said the redundancies would affect all divisions of months would have been lower but for interest charges more than halved from £7.1m to

Borrowings since the beginning of last year have been reduced from £165m to £85m as itably led to staff redundana result of improved cash flow which has been achieved by reducing stock levels and

improving working capital, the group said. Turnover during the first nine months of this year increased by 6 per cent to £589.2m.

Attributable profits, after all deductions, including a £9.7m extraordinary item against disposals of peripheral businesses,

Receivers called in at Alan Paul

appointed receivers to the troubled hairdressing group, which has been the subject of an independent financial inquiry. Its shares were suspended last month writes Peggy Hollinger.

Receivers Ernst & Young were appointed on Wednesday night: By yesterday morning they had already agreed to sell Essanelle, the hairdressing chain purchased by Alan Paul a year ago for £8.3m in shares,

company, for an undisclosed

Mr Arthur Fabricant, Alan Paul's chairman, and Mr David Bell, finance director, will retain their positions under the new Essanelle com-

Alan Paul was placed into administrative receivership following the refusal of banks to provide funds for a restruct-uring planned by Mr Fabri-

Alan Paul board through the Essanelle acquisition.

In addition, the group has debts from franchisees total-

BANKERS TO Alan Paul have appointed receivers to the betriebe, a German investment company's chairman less than betriebe, a German investment company's chairman less than company's chairman less than a month ago.

Paul supported franchisees which had difficulty paying Mr Fabricant came to the for stock and rent.

> Alan Paul owed its main banker, Royal Bank of Scotland, about £1.5m and had provided a form of cross guarantee for loans to franchisees amounting to £11m as of Sep-

the banks for financing it was apparent that the money.

the company to pull it out of trouble," said one source close

When Alan Paul approached

company had been losing "There was a feeling among the banks that it wasn't worth pouring all that money into

Rapid rise and fall of the likely lads Peggy Hollinger on the fast-moving hairdresser that looked a 'snip'

Palan Paul has moved at top speed – from the sleek red Ferrari, licence plate USM 1 and once driven by its Liverpudlian founder – to the announcement yesterday that the receivers had been called in just over two years after the hairdresser came to the Unlisted Securities Market.

The receivers may not have noticed that the stationary on which they announced their news listed founder Mr Alan Moss as chairman.

In keeping with the culture of a fast-moving company, that post has changed hands twice in the last two months. Mr Moss's first successor called for an independent

financial inquiry by accountants Coopers & Lybrand Deloitte, and then quit after ust three weeks in the Obviously, there have been more serious items on the

agenda before changing the stationary.

Alan Paul came to the USM in 1989 at 140p to become Britain's only quoted hair-

Brokers enthusiastically hailed the shares as "a snip", the company as a "stylish number" and its founder and his managing director, Mr Michael Rowland, as high-flying likely lads from

The shares were consistently tipped as a good bet - even as recently as July. Investors were wiser than the tipsters, however, and the £5.3m rights issue in August fell flat on its

By Andrew Taylor

PRE-TAX PROFITS of Smith &

Nephew, the international medical and healthcare prod-

ucts group, fell by 2 per cent to

£91.1m during the 40 weeks to

The results reflected a steady improvement since the first quarter when profits fell by 8 per cent from 229.5m to

£27.2m. By the half-year this decline had been cut to 5 per

Pre-tax profits after nine

Third quarter limits fall

to 2% at Smith & Nephew

face. Just six weeks later, the company warned that profits would be significantly lower network. than had been expected

Some of the investors' uncertainty may well have been fuelled by the group's rapid expansion in recent years. Alan Paul was founded in 1970 by the then 20-year-old Mr Moss, who unabashedly admits he became a bairdresser "to

meet women". The recently qualified stylist renowned for his own bouffant hairdo, snappy dressing and magnetic charm - borrowed £3,500 from the bank, which together with his own £200 savings, was used to buy his first salon.

In 1985, Mr Moss moved into franchising — the quickest way to expand when finance is tight for an unknown, ambitious company. By the time it came to mar-

ket, Alan Paul boasted 60 salons, 52 cosmetics shops and a handful of cafes in the backrooms of the hairdressing out-Before the receivership and sale of Essanelle, the company had 437 salons, 87 cosmetic

shops trading under the name of Body and Face Place, and 13 Blue Berry's Brasseries. Once public, Alan Paul daz-zled the market with a series of profit numbers that seemed almost too good to be true. Profits rose 69 per cent in the first year after flotation. Behind the numbers lay a barrage of acquisitions - Essanelle, with operations in the UK and Germany, increased the group's turnover by nine

fell from £52.5m to £51.4m.

Earnings per share for the

first three quarters fell from

6.4p to 6.1p. Mr John Robinson, chief

hospitals in the US and conti-

nental Europe were particu-

larly strong with good demand for orthopaedic implants

(replacement hips and knees etc) and wound-healing prod-

ucts such as sophisticated

dressings.
Sales of consumer products,

notably toiletries under the

Nivea brand name, had been depressed, however, by the

recession, particularly in the

The UK hospital market was

the US and continental

growing but not as rapidly as

Europe.

The group said that it expec-

ted to see an improvement in

consumer sales next year but in the meantime it had "main-

tained its market share over-

Mr Kinder said: "The com-

petitive advantage of our inno-

vative technical products has

enabled us to improve both

sales and market share. While

the recession has had an

adverse effect on parts of our

business, worldwide healthcare

markets provide excellent

long-term growth prospects."

times overnight just last year - and the growing franchise

Questions over the methods by which Alan Paul ran its franchises are part of the investigation by Coopers. Bankers are beginning to wonder whether the value of

those businesses had been

overstated. he Royal Bank of Scotland. Alan Paul's main banker, has a policy not to lend 100 per cent of the franchise price. Yet it is believed that several franchisees obtained 100 per cent loans based on a valuation of the business which now appears to

have been inflated. "The company appears to have a large negative value," said one source close to the

Furthermore, accusations from hairdressing franchisees that bills which should have been paid from their business accounts were left delinquent by head office has done little to

Many franchisees are now facing severe financial diffi-culty and the Body and Face Place has been making significant losses for at least year. Meanwhile, Mr Moss and Mr

Rowland continued to delight

the media with flash cars and high society socialising.

Mr Rowland, an avid show jumping fan, was a driving force behind the company's joint sponsorship with its sup-plier, Wella, of Mr Nick Skelton, one of Europe's leading showlympers. Some £30,000 a

year was paid out by Alan Paul on that particular investment. The company's senior staff were also encouraged to follow management's example, with company cars such as

BMWs and Ferraris. A source close to the com-pany said Mr Moss's first successor as chairman, Mr Brian Solomon, had to dispose of a "small car museum" when he

But it was the Body and Face Place that eventually tolled the bell. When Mr Solomon arrived after the profits warning, it soon became apparent hat losses were mounting. The salon business was also suffering, despite the company's efforts to support franchi-sees in difficulty and contrary

optimism expressed as recently as August at the time of the rights issue. Mr Solomon's successor, Mr Arthur Fabricant – less than a month in the job – has had the unwelcome task of watch-

ing the company go under.
"I realised it might, but I didn't think it was inevitable." he said yesterday. His efforts at a restructuring met with little sympathy from bankers, who decided to with-draw all facilities and asked for repayment of all loans. As a result, administrative receivers

Ernst & Young were called in. Now the jokes in the City are running rather more disparagingly, such as "Hair today _." Wash and Go" and so on. As for how the City now sees Mr Moss and Mr Rowland? Probably as brash boys from Merseyside.

Growth in container division behind 56% advance at Tiphook

By Michiyo Nakamoto

GROWTH IN its container division was the main factor behind a 56 per cent increase in interim pre-tax profits from £25.2m to £39.3m at Tiphook, the container and trailer rental

The global spread of the business helped the group weather the recession, although its trailer operations were affected by the economic downturn in the UK, said Mr Robert Montague, Tiphook's founder and chairman.

Softness in the French market was another predominant factor in the six months to October 31.

The higher profits came on a 19 per cent increase in turn-over to £155.6m. Earnings per share rose 20 per cent to 26.3p (21.9p) and the interim dividend is increased to 4.4p (3.5p). The company reduced its interest charge to £24m from £57m at the year end by repaying some debt from the proceeds of a preference share issue in April, it said. Interest cover is unchan

at 19 times but interest will be comfortably over twice covered" at the year end. Gearing is just under 300 per cent, which should reduce as well. The bulk of the rise in profits came from the container division, which saw particularly buoyant inter-Asian trade. Tiphook is the world's second largest container rental company with 16 per cent of the world market. It increased its container fleet by 7 per cent

the full year. This increase in volume brought economies of scale which benefited the operating The trailer rental activities

in the first half and expects

growth to reach 20 per cent for

recession in the UK, although this was offset to an extent by a buoyant German market Rfforts in the first half were concentrated on integrating Trailerent and United Rental, two trailer businesses which were acquired last year, into

Robert Moutague: adopting a policy of organic growth

Having aggressively increased market share through acquisitions, it was now adopting a strategy of organically growing its businesses, according to Mr Mon-The Rail Wagon Rental business, which rents trailers that

can be loaded onto rail wagons, have not contributed to profits yet and is expected to be lossmaking into the mid-1990s. • COMMENT

Judging from yesterday's mar-

ket reaction to Tiphook's spar-

were hit by the effects of the kling half-year results the City **BOARD MEETINGS**

	_
Learmonth & Burchett	Dec. 12 Dec. 15 Dec. 10 Dec. 10 Dec. 12
Tinsley (Sizs) United Inde Yorkshire Electricity	Dec. 12 Dec. 16 Dec. 18
Central Motor Auctions	Jan. 21 Dec. 10 Dec. 12

has yet to come to terms with the possibility that a highlygeared company doesn't have to carry unnecessarily high risks. The level of profits increase the group has produced is certainly no mean feat in the current economic envi-ronment. The dividend increase was also a pleasant surprise. Granted the trailer side of the business is somewhat more worrying. Nevertheless, future prospects should be good as forthcoming regulatory changes on the Continent will enable the company to reap the benefits of consolidating its 10 national businesses into one large European operation. A full-year forecast of £102m gives a prospective multiple of 6, which looks cheap. However, the shares took a beating a few weeks ago as rumours circulated - all vehemently denied by the company - about such matters as its depreciation policy and currency exposure Concern has persisted about the vulnerability of the rental business in a recession. It will take some time for the City to come round to the realisation that high gearing and exposure to the UK market do not necessarily have to be the evils they

PILKINGTON

INTERIM RESULTS

- Worldwide market position held in the face of recession.
- Operating profit £89m, down 29%.
- 😝 Improved performance in South America
- 🖨 Germany steady; UK, USA and Australia experiencing difficult trading conditions.
- Profit before tax and exceptional item* £54.6 M, Effective tax rate 60% (1991 Annual rate 42%).
- Earnings per share: before exceptional item I.6P (1990 7.0P).

Earnings per share: after exceptional item

1.0P (1990 7.0P). Dividend unchanged at 2.93P.

OMMENTING on these results the Chairman, Sir Antony Pilkington, said, "As predicted, the year is proving to be a difficult one. For example, the market price for basic float, which comprises about 25% of worldwide flat and safety sales, has been some 20% below the levels of 18 months ago in Europe and 10% in the United States.

"Operating profit was down 29% and pre-tax profits have halved since the same period last year. However, there is some encouragement in noting that both sales and profits are marginally ahead of the second half of last year.

"The squeeze in profits has been offset by a rigorous programme of cost cutting and rationalisation which has been implemented throughout the Group. Numbers employed have been reduced, capital expenditure has been curtailed to a minimum, and lossmakers have largely been eliminated.

"Pilkington retains its technological strengths and its strong market positions which, together with a growing range of competitive products and a lower cost base, are the essential ingredients for profitable growth as trading conditions improve."

HALF YEAR TO 30 SEPTEMBER

	м£ 1991	1990 £M
TURNOVER	1,329.9	1,352.4
OPERATING PROFIT	89.0	124.9
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEM®	54.6	103.2
PROFIT BEFORE TAX	50.6	103.2
PROFIT ATTRIBUTABLE TO SHARSHOLDERS	7.8	49.1
EARNINGS PER ORDINARY SHARE BEFORE EXCEPTIONAL ITEM	1.6P	7.0P
EARNINGS PER ORDINARY SHARE AFTER EXCEPTIONAL ITEM	I.OP	7.0P
DIVIDENDS PER ORDINARY SHARE	2.93P	2.937

"EXCEPTIONAL RESTRUCTURING COSTS OF £4 MILLION IN 1991



Drinks lead way in GrandMet's 5% improvement to £963m

By Philip Rawstorne

GRAND Metropolitan's wines and spirits division, IDV, led the group's robust trading per-formances which pushed fullyear pre-tax profits up 5 per cent to a record £963m.

Wines and spirits increased trading profits by 16 per cent to £454m (£391m) on turnover 7 per cent higher at 12.5004 (\$2.27bn). Volumes were 2 per cent higher in spite of adverse the UK trading conditions in the UK and US, and margins improved from 17.3 to 18.7 per cent.

J&B Scotch whisky, Bailey's

Irish Cream liqueur and Smirnoff vodka were the star performers behind a 30 per cent growth in continental Euro-pean profits and a 10.4 per cent rise in North America. The North American food

business - including Pillsbury, Green Giant, Haagen-Dazs, and Alpo - increased trading profits by 21 per cent to £216m (£178m). In Europe, profits declined by 9.7 per cent, due mainly to

the UK recession, to £84m Haagen-Dazs ice-cream COIIsolidated its position as leader in the super premium sector and is expected to achieve worldwide sales of \$1bn (£560m) in the next four years. In the retailing division, Burger King maintained its share in a competitive US market,

increasing profits 9.6 per cent from £125m to £137m. It now

comprises 6,385 stores worldwide. Pearle eyecare stores recorded a loss of £7m. Profits of the GrandMet managed pubs estate, to which 330 pubs from Courage were added, were ahead 38 per cent

at £106m (£77m).
The group's share of the Inntrepreneur joint venture's losses was £11m. There was a reduction in property profits from £79m to £18m, reflecting the virtual

completion in 1990 of the pub disposal programme.

Exceptional profits of £35m included gains on the sale of flour mills and two pizza brands in the US, partially offset by £6m reorganisation costs

A £226m extraordinary

charge arose mainly from

brewing and pubs restructur-

ing and a £23m provision

against the group's investment in International Brewing Hold-

in the retail sector.

Earnings per share rose 3.1 per cent to 66.1p (64.1p). COMMENT

GrandMet's buccaneering days are over - at least for a while. The group is now clearly focused on core businesses and operational principles of build-ing brands, cutting costs, and developing new products. Any acquisitions are now designed to buttress existing activities; disposals are intended to remove unexploitable clutter from the business portfolio. The results suggest that the group's management should be just as successful in the quieter drive for organic growth from its brands as it was in its helter-skelter acquisition programme. If the food operations can achieve local currency growth of 30 per cent in food, and 21 per cent in drinks, in a year of such adverse economic conditions, there should be much more to come with economic recovery. The City's first target of £1.08bn pre-tax this year certainly does not look unduly optimistic. It puts GrandMet on a prospective p/e of 11.7, still at an unjustified discount to the market.

UK poised to sign gas export treaty

By Deborah Hargreaves

THE UK government is noised to sign a treaty in the next weeks that will allow the first export of gas from the UK to the Continent.

The government will ratify a deal with the Dutch government that has taken several years to negotiate for the export of up to 260m cubic metres of gas from the Mark-ham field to the Netherlands. It may pave the way for other companies to sell North Sea gas to the rest of Europe, Ultramar, the UK-based

diversified oil and gas com-pany facing a \$1.17bn bid from fellow exploration company Lasmo, has agreed contracts to sell the gas to Dutch state company, Gasunie, and Germany's Wintershall, a division of the BASF chemicals group. The company, which owns 38

per cent of the overall Markham field that straddles the UK-Dutch border in the North Sea, expects to start producing gas from the £200m development in October next development in October next year. Ultramar has so far dril-led two of the four wells that will begin producing from its Markham platform next year. By 1994, the company expects to be producing from five additional wells in an adja-

cent block which will be linked to the main platform via an unmanned satellite rig. The estimated reserves for the whole field are put at 700hn cubic feet of gas.

The gas will be transported should be transported to PowerGen for a new gas-fired station at Conah's Quay on the Welsh coast.

from Markham to a main pipeline owned by Wintershall The Markham platform may set the standard for future developments in the area since. although it is in Dutch territory, it conforms to high UK safety standards.

It also adheres to Dutch environmental standards, which are the highest in the world. These mean that it must process all sewage before dis-charging it into the sea, as well as processing rain water that falls on deck, to extract any pollutants before releasing it to the sea.

Ultramar plans to spend £400m on capital expenditure for its exploration programme in the next five years.

 The overall cost for develop-ing the Hamilton/Douglas oil and gas field in the Irish Sea. just off Liverpool could amount to £1bn in the next five years, Ultramar said vesterday The company, which owns a 30 per cent share of the fields along with Monument Oil and Gas and Hamilton, estimated the gas field contain 760m cubic metres of gas and the ofifield holds 176m barrels.

The operators are due to award a contract for the design of a platform for the Hamilton gas field and are awaiting plan-

Malaysia sees output of tin fall by 28%

By Lim Slong Hoon in Kuaia Lumpur

by 28 per cent to 16,060 tonnes in January to September compared with the same period last year, reflecting the worst production crisis afflicting the industry in more than 40 years. Official forecasts of 23,000 tonnes for the full year fail almost 20 per cent below the 28,566-tonne export allocation

MALAYSIAN TIN output fell

from the Association of Tin Producing Countries. Heavy monsoon rains mean that mining activity during the last quarter tends to be lower than in previous quarters. At its peak, Malaysian out-put reached almost 77,000 tonnes in 1972; it last fell below

ond world war. Malaysia's September output stood at 1,632 tonnes, down 4.4 per cent from August's 1,708 tonnes, according to official

28,000 tonnes during the sec-

The ATPC agreed in October 87.901 tonnes in 1992 export limit, with the biggest cut, in this year.

absolute terms, coming from Malaysia. Its quota dropped 13 per cent to 24,840 tonnes, while Indonesian allocation was reduced by 1.4 per cent from 28,376 to 27,966 tonnes.

Although the smaller export

quota may bring down the level of world stocks to, according to ATPC estimates, 37,000 tonnes this month and 27,000 tonnes by end-1992, tin prices continue to remain weak. On the Kuala Lumpur Tin Market, spot prices closed lower yesterday at M\$14.65 a kilogram, compared with M\$14.87 in October's average prices and M\$15.03 in January.
Malaysia has forecast
improved prices in 1992 to an
average of M\$15.60 a kilogram provided, analysts said, the US keeps within limits the sales from its 165,000-tonne stockpile

Agency (DLA).
The DLA disposed of 2,700 tonnes last year and 2,200 tonnes from January

Study casts doubt on claims for cow drug

By Nancy Dunne in

A REPORT based on partial and "previously secret data" from a University of Vermont study contends that one herd of cows injected with the growth hormone bovine somatotropin (BST) had a shorter milking life, more illness and gave birth to more dead and deformed calves than other

Mr Andrew Christiansen. a Vermont state representative who wrote the report, said that it provides "the firmest evilence yet that the BST cow drug is not what its manufacturers claim.

Mr Christiansen is a part time staff member of Rural Vermont, a farm group which has long opposed genetically engineered drugs which are supposed to increase milk production.

Mr Christiansen's report is based on information obtained from a researcher at the University of Vermont, which is under contract with Monsanto Co., one of the producers of

The university has conducted several BST tests but has refused to release the test results, despite requests from the agriculture committees of

the Vermont legislature.
The information given to Mr
Christiansen was studied by Dr
David Kronfeld, a veterinarian with Virginia Polytechnic Institute.
It contained some of the find-

ings of a four-year study of 56 cows, but it did not reveal the injection schedule or the dos-

However, it found that the cows and female offspring had greater difficulty than is nor-mal in giving birth and that the female offspring of the cows injected had produced three deformed calves.

Mr Christiansen said that the results, although incom-plete, raised several questions, "none of which can be satisfac-torily answered until all information is made available. This is only one study of many being made across the US, and it is important to examine the findings of several multigenerational tests, he

As it has in Europe, the pros-pect of more productive cows concerns US dairy farmers. They worry that surpluses and low prices will force them out

The US Food and Drug Administration has not yet approved BST for commercial sale, but Mr Christiansen said at the Defence Logistics that approval may come as early as this month because of the pressure being appli-the drug manufacturers.

Milk marketing reforms gather momentum

Bridget Bloom highlights factors which have raised expectations of real change

ATTEMPTS to reform Britain's antiquated milk marketing ave antiquated milk marketing sys-tem have made giscial progress during the last two years. The threat of European Court action which would split the 60-year-old cartel at the scheme's centre may mean that the ice is at last beginning

A clear statement by the UK government that the two sides must act soon, coupled with the sudden resignation last month of the MMB's chief executive, and the appointment of the new and controversial adviser, may add to the

For months the two main parties to the scheme, the Milk Marketing Board for England and Wales and the Dairy Trade Federation, have been locked in a stubborn contest about how the system should be reformed to meet the chal-lenges of the 1990s; the most important of which is the imminent European single

sides have started talking at the most senior level; last week the DTF played host to the 18-member MMB Council at a din-ner at Sandown race course, near London. It was agreed that "substantive negotiations" should begin next Monday. Since it was formed in 1933, the MMB and the DTF, representing the dairles and proces sering the carries and processors, have enjoyed the cosiest of cartels, under which all milk is bought and sold through monopoly arrangements guar-

In the last 10 days, the two

mum profits. So accustomed have the participants become to these arrangements, it is no surprise that they have falled so far to agree on reforms. The board comprises repre-

Russian oil

venture may

By David Lascelles,

Resources Editor

prove pioneer

MORGAN GRENFELL, the

London merchant bank, is

advising a venture which may become the first integrated

Russian oil company with a

listing on a western stock

exchange. The Siberlan Oil Corporation has been founded

by 21 Russian organisations

and Eurosov, a Guernsey-based company backed by Australian and US oil interests.

The Soviet backers include

production, exploration, refin-

ing, pipeline and financial enterprises, as well as local

administrations in the Tyumen oil region of Siberia. The com-

pany's main assets will be the right to exploit and develop a

WORLD COMMODITIES PRICES

rs, 98.7% purity (S per tonne)

anteeing the processors mini-



Co-operative setback: Mr Bob Steven

sentatives of 30,000 dairy farmers, many of whom remember the 1930s depression. It pro-posed in 1990 to transform posed in 1990 w transitiself into a single voluntary co-operative. That idea was rejected out of hand by the DTF as merely

replacing a statutory with a voluntary monopoly.

The DTF also objected to the board's intention to retain ownership of dairy crest, its wholly owned subsidiary, which has a 25 per cent share of the UK manufactured dairy products market.

Since Mr Bob Steven, MMB chairman, publicly aired the co-operative idea in July 1990, the board, encouraged by the UK government, has taken the concept to the EC Commission in Brussels where the commis-sion found it wanting on several counts.

The board then failed to fol-

low through, either by chang-ing its plans or discussing em with the DTF. Nor did the DTF put forward proposals "they were in a state of acute paralysis," adding that "the MMB especially was like a rabbit in front of a stoat."

If this spell has now been broken, it will be because of a combination of government, EC and market pressure and a growing realisation by the board in particular that the reforms it offers will have to be more radical.

The cartel has bred inefficiency, complacency and a lack of competition. The threats to its continued existence range from the frustration of many of its more progressive members its more progressive mamous (both farmers and processors) at its limitations, to the direct challenge of the single market which may put the whole industry at the mercy of the more efficient dairy industries in other member states.

Of the recent events portending change, by far the most important has been the EC Commission's challenge to the board's monopoly, likely to end up in the European Court of Justice.

The commission has stated its belief, in the form of a reasoned opinion, that the MMB does not hold the statutory right to buy and sell low fat milk: a commodity unbeard of when the board was given rights over whole milk in 1933 and insignificant even 40 years later when the commission agreed, on Britain's entry to the EC, to endorse the monopoly arrangement. Today, how-ever, low fat milk constitutes 39 per cent of liquid milk sales. The MMB itself estimates that it will be 50 per cent by 1994.
Board members acknowledge that if the commission's judg-



Mr Andrew Dare

decided in the board's favour. The commission's action has provided Mr John Gummer, Minister of Agriculture and a champion of change, with useful ammunition. In a speech to the annual bunch of the DTF on November 6, Mr Gummer effectively said that he was enectively, said that he was rejecting the commission's rea-somed opinion only so that the board would negotiate appro-priate reforms to the whole system with the DTF.

He did not want the present system to "collapse into chaos" but if people argued that "the government's response to the reasoned opinion represents a reduction in our desire to see change, they would be very WYOME

While the government is hardly in a position, because of the forthcoming general elec-tion, to legislate the abolition of the monopoly if the industry does not change itself, most observers believe there is at most 12-18 months, if court the DTF put forward proposals court, the monopoly would be action is to be avoided at an end; few observers There is also the possibility As one close observer put it: believe that the case could be of the commission taking

interim measures to compel acceptance of its findings on the low fat issue.
While none of the main par-While none of the main par-ticipants wants to detail new reform proposals, all acknowl-edge that the commission; a action may prove the "catalyst-for change". Those are the words used by Mr Brian Smith, the new president of the Dur-while the MMB's Bob Steven species of the commissions. speaks of the commission's action as "a dagger at our

Ironically, the appointment of a new adviser to the MMD may provide the ciue to the

The appointment of Mr Andrew Dare, immediate past president of the DTF, shocked the industry. Dare makes plain his opposition to the single vole his opposition to the single volu-untary co-operative proposals, as well as to that putative co-operative's retention of Dairy Crest. In that, he still speaks for the industry.

The principal idea now being canvassed centres on the trans-

formation of the MMB into sev eral regional co-operatives as well as splitting up Dairy Crest into two or more parts, a sub-stantial percentage of whose shares would be publicly

As a transitional measure, it is possible that the current pris-cing system will be replaced by In a scheme of extraordinary complexity and inefficiency. prices are currently fixed - at 24 different levels - according to the use to which the milk is

The resolution of these two issues in a way that is satisfactory to the board, to the DTF; to the government, and to the commission as well must be at the heart of any new reform

Indian tea industry faces shortfall By Kunsi Bose in Calcutta

ment was confirmed by the

THE INDIAN tea industry, which is largely dependent on the Soviet Union for export, has been told by the govern-ment to be prepared for a shortfall of between 20m and 30m kg in the Soviet purchase of Indian teas in 1982 in 1990. Out of India's total tea export of 200m kg, the share of the Soviet Union was as much

as 120m kg.
According to Mr P Chidambaram, minister of state for commerce, the industry will have to override the crisis arising from any shortfall in Soviet purchase by shipping more teas to the general currency

area markets.

While it is still not known what will be the precise trading arrangements with the Soviet Union during 1992, the to be ready to deal with the US. Keeping in view that Sri leaves much to be desired, day, December 10.

1109/1097

1101-1

republics separately. Mr Vijay
Dudeja, spokesman for the industry, believes that any dislocation in Indian export to the Soviet Union may only be team.

Lanka, and perhaps China also, is exporting more team than India, Mr Chidambaram has advised the industry to aim for the slot of "highest" porary, since the latter's tea consumption is more than 210m kg. According to Mr Dudeja, India will be exporting identify target markets for Dar-110m kg of tea to the Soviet Union in the current year. jeeling, Assam and South India's tea export will, however, be higher at 209m kg against 200m kg in 1990.

New Delhi's message to the industry is that, in keeping with the country's new trade policy, it must step up exports to other countries.

There is a consensus in the

industry that in spite of stiff competition from Sri Lanka, China, and Kenya, India can sell more tea in the UK, Egypt,

135,472 lots

105,168 (ots

Total delly turnover 2,071

(Prices supplied by Amaigumated Metal Tradi w AM Official Kerb close Open Interes

110B-7

exporter of superior quality, value added tea." It is important for India to

jeeling, Assam and South Indian teas. The introduction of separate logos is the first step in this direction.

It appears likely that India will be harvesting a tea crop of nearly 740m kg in 1991, compared with the target of 735m kg and last year's crop of 714m kg. While the major gains in production are accounted for by the estates in South India. by the estates in South India, the initial setback in production in North India has been made good. The quality of the

north Indian crop

OBITUARY Mining director and war hero

SIDNEY Spiro, a long-time director of the Anglo-American Corporation and of De Beers Consolidated Mines, died in London on Monday at the age

Mr Spiro, who was awarded the Military Cross during the second world war, had interests beyond mining. He was a nioneer of merchant banking in South-Africa, and a gover-nor of the University of Cape Town Foundation. In politics he was seen as a liberal. He had many friends around the world, not least because of his sporting and cultural interests: He is survived by his wife and two daughters. A service of thanksgiving will take place at St Paul's, Knightsbridge

MARKET REPORT

The premium for cash copper over three-month disappeared yesterday on the LME as the recent squeeze appeared to be easing. The market closed near four-month lows. Dealers said the imposition of a £25 limit on the daily backwardation has prompted some freer lending. However, it will take some time for clear market direction to emerge. Aluminium was steady. with three-month metal finding support on dips below \$1,100 a tonne. Traders said some of the buying came from consumers. The market will be keeping a close watch both on today's LME stocks data to see if the recent

London Markets

SPOT MARKETS		
Crade oil (per barrel FOB)		+ or -
Duhai	\$16,26-8 35	025
Brent Siend (dated)	\$19.15-9.25	+.025
Brent Blend (Jan)	\$19.25-19.35	075
W.T.L (1 pm est)	\$20.55-0.60	-0,10
Off products		
(NWE prompt delivery per to	nne CIF)	+ or -
Premium Gasolina	\$215-217	-1
Ges QI	\$182-163	-3
Heavy Fuel Oil	\$74.75	-12
Naphtha Petroleum Argus Estimates	\$187-189	-112
Other		+ or -
Gold (per troy ozion	\$364.75	-0.15
Silver (por tray ox)	405.50	+2.5
Plebrum (per troy oz) Palladium (per troy oz)	\$366.70 \$83 60	-0.30 -0.15
		-U. 10
Copper (US Producer)	109.Dc	
Load (US Producer)	37 Oc	
Tin (Kuala Lumpur market) Tin (New York)	\$254	-0.01
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	106 39p	-0.12°
Shoop (doed weight)† Pigs (live weight)†	150 77p	+5 17*
	89 12p	+4.07
London dally sugar (raw)	\$23Q±	-1
London daily sugar (white)		-1
Tate and Lyle export price	223	-1
Barley (English feed)	E120.25	-1.25
Maize (US No. 3 yellow)	£145	
Wheat (US Dark Northern)	£101	
Rubber (Jan)♥	50 50p	-0.50
Rubbor (Feb)♥	50 750	-0.50
Rubber (KL RSS No 1 Jan)		-0.5
Coconut oil (Philippines)&	3600z	
Palm Oil (Malaysian)§	30002 \$37Gu	+5
Copra (Philippines)§	\$387.5	+25
Styabouna (US)	£148	+1
Cotton "A" Index	61 85e	-0.15
Wootsops (84g Super)	415p	
E a toene unless otherwise c-cents/fb. r-ringgl/kg. q-J Apr x-Nov/Dec y-lant/Feb Communician average tests from a week age \$\(\frac{\psi}{\psi}\) Lond (CIF Rederdam. \$\psi\) Bullion laysian cents/kg	en t-Sep/Dec 2-Dec/Jan. Ick prices. "	theat theat change

continues and also on next Tuesday's IPAI producer stock figures for October. Zinc closed off the day's lows after some late commission house buying. Traders said the market had been under pressure from liquidation and sell-stops prompted by three-month metal opening below \$1,200 a tonne. The need for a downward technical correction to the recent rise coupled with news of a possible imminent lifting of Peru's force maleure aided the downtrend. But a late move below \$1,180 appeared to trigger off fresh support which railied prices quite

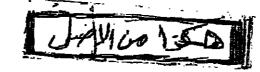
Compiled from Seuters

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UGAR	- Londo	er FOX	(S per tonne)					
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lay	197.00 199.00	197.00 199.40	197.00 196.00 197.40 197.00					
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	Close	Previous						
lar lay	279.5 279.5	280.2 281.0	280.4 279.0 280.9 279.1					
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eř .	264.5	265.Q	265.0					
urnover: Rate 238 (827) loss of 50 tonnes. Prito 583 (2565) arris- White (FFr per torine): Mar 1546.21, Mey 565.62								
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	Lates	revio	us High/Low					
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ug		177.25						
иточе	17488 ((8991) lots	of 100 tonnes					
FRIET & VEGETAIN, IS Spenia Nevelina granges are an excellent buy this week at 15-35 o each reports the FFVIB. Other good trults include saturmas at 40-45p a fb, itselfruit at 15-25p each, Golden Delicious applies 55-00p a fb and Cox at 50-70p a fb. Leeks are a good buy at 40-55p a fb as are courrots at 15-20p a fb, areade at 15-20p a fb and Brussels aprouts								

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-	Gold (Tine o	z) \$ price		Plupe 2	zjerit						May	84.40	85.
	Cicee	384.50-36									Jul Sep	87.30 89.90	88. 90.
B.5	Opening Morning fix	365.70-36 363.75	6.00	204,421		GOLD		02.; \$/troy (Dec	93.25	94.
	Afternoon R	x 384.75		203.873			Close	Previous	High/Lo		Mar	96.60	97,
	Day's high	366.10/36 383.70/35				Dec	367.4	365.1	367.8	364.3			
\$/tonne	Day's low			5-1 -	4. 450.00	Jan Feb	368.5 270.0	396.4 367.9	970.2	0' 365,6	8164	R WORLD	717
,	Loco Ldn M					Apr	372,5	370.4	372.8	369.3		Close	Pri
25.50	1 month 2 months	4.54 4.41		priths Apriths	4.15 4.10	Jun Aug	374.9 377.A	3372.8 375.3	374.0 0	371.9 0	Metr .		_
	3 months	4.80	se M	~==		Oct	379.0	377.8	ā.	ŏ	May	9.06 8.93	9.1 8.9
ndex point	Silver Bx	přine oz		VS cts	equiv	Dec	382.5 386.2	380.4 383.1	9	0	Jul	8.91	8.9
*	Spot	226,45		404.75							Oct	8.90 8.85	8.8 8.8
	3 months	232,35		409.45		PLAT		roy oz, \$/tro			May	8.81	8.8
80 40	d months 12 months	238.50 250.00		414,20 424,10			Choose	Previous	High/Lo				
.50						Jan	369.2 371.8	367.3	359.4	367.5 370.0		DW 60,000;	~
	COLD CON					Apr Jul	371.8	369,8 372,3	372.5	370.0 C		Close	_
	(Prices sup)	MING BY EN		Hetsis)		Cet	380.3	378.3	0	ō.			Pre
		\$ price		£ edny		St.VE	R 5,000 tr	oy oz, cent	wittey oz.		Dec Max	57.15 56.57	57./ 59.
£/tenge	Krugemend	364,75-3 375,00-3	65.75	204.00- 209.50-	204,90		Close	Previous	High/Lo	-	May	59.7D	60,
,	Maple leaf New Squere			48.00-4		Dec	402.6	400.4	403.5	401.5	Jul'	60,62	61.
24.00						Je r	404,4	402.2	0	0	Oct Dec	63.05 63.45	63.2 63.2
27,50	TRADED O	PTIQUES				Feb	406.1	404.0 405.7	0 408.0	. 0 -408,5	Mar	64.65	64.
30.55	Aluminium (99.7%)	Callia	1	Puts.	Mar May	407.7 411.4	405.7 409.5	412.0	411.0	May	65.30	85.
	Strike price	\$ tonne Ma	r Jul	Mar	لوال	Jul	414.8	413.0	417.5	414.5			
	1000	110	_	7	12	Sep Dec	418,5 424,1	416.7 422.3	0 425.0	· 0 424.0	ORAN	GE JUICE	15,0
	1100	43	79	37	41	Jan .	426.2	424,3	جمي 0	0		Close	Pro
	1200	11	36	103	<u> 25</u>	Mar	430.2	428.2	0	Ŏ	Jain	165.75	te
	Copper (Gra	de A)	Calls		Puts	нан	GRADE C	OPPER 25,	000 lbs; e	ents/lbs	Mer	188.75	- 15
(96).	2100	137	146		4		Close	Previous	High/Lo		May Jul	166.50 166.25	161 181
r	2200	72	9 0	51	85	Dec	98.50	100.53	100.50	98.40	Sep	184.65	16
	5300	31	51	109	140	Jan	96.60	100.40	99.80 106.80	96.50	Nov	154.06	18
menti prike		سار	Ma	r Jen	Mar	Feb	88.50	99.90	99.50	95,40	Jan Mer	152.45 152.46	15
ment) přítg	Colleg			1	12	Mer Apr	96.46 98.25	99.90 99.30	99.25 99.60	98.10 98.60	May	152.45	19
ment) příg	Colleg SSO		63			May	98.10	99.05	98.80	97.80			
	950 900	82 23	57 28	12	33	may.							
	\$50	62			33. 67	Jun	97,95	98,86	98.00	97.98		758	
	950 900	82 23	26 12	12 44		Juni Juni	97.96 97.96	98.85 98.55	96.40	97.90 97.50	J	CRS ER\$ (Bas	e: Se
	950 900 968	62 23 5	26 12	12 44 y Mar	67 May	Jun Jul Sep	97.96 97.96 97.50	98,95 98,55 98,05	98.40 99.00	97.90 97.50 97.30	J	ERS (Bas	
	900 900 960 Cocca 760 775	62 23 5 Ma 54 40	26 12 r May 78 62	12 44 y Mar 25 36	67 May 27 37	Jun Jul Sep	97.96 97.96 97.50 E CAL (L)(98.85 98.55 98.05 pht) 42.000	98.40 99.00 US galls 1	97.90 97.50 97.30 //berrel	J	ERS (Bas Dec.5	0
	900 860 Cocca 760	62 23 5 Ma	26 12 r May	12 44 y Mar 25	67 May	Jun Jul Sep	97.96 97.96 97.50	98,95 98,55 98,05	98.40 99.00	97.90 97.50 97.30 //berrel	REGUT	ER\$ (Bes Dec.5 1626.4	16
	950 900 968 Cocca 765 775 500	62 23 5 Ma 54 40 31	26 12 r Mp; 78 62 51	12 44 y Mar 25 36 52	67 May 22 37 50	Juni Joi Sep CRUE	97.96 97.96 97.50 E Oll. (Lly Latent 20.40	98,95 98,95 98,05 98,06 Previous 20,75	98.40 98.00 US galls 1 High/Lo 20.93	97.90 97.50 97.30 //barrel	REGUT	Dec.5 1825.4 JORES (9	16
	950 900 960 Cocca 760 775 800 Brant Crade	62 23 5 Ma 54 40 31	78 62 51	12 44 y Mar 25 36 52	67 May 27 37 50 Fob	Juni Joi Sep CRUE Jan Feb	97,96 97,96 97,50 E Oil. (Liq Latest 20,40 20,37	98,85 98,95 98,05 98,06 Previous 20,76 20,88	98.40 98.00 US galls 1 High/Le 20.93 20.94	\$7.90 \$7.50 \$7.30 \$/berrel \$20.30	DOW	Dec.6 1626.4 JORES (9 Dec.4	16 16 00
	950 900 968 Cocca 765 775 500	62 23 5 Ma 54 40 31	26 12 r Mp; 78 62 51	12 44 y Mar 25 36 52	67 May 22 37 50	Juni Joi Sep CRUE	97.96 97.96 97.50 E Oll. (Lly Latent 20.40	98,95 98,95 98,05 98,06 Previous 20,75	98.40 98.00 US galls 1 High/Lo 20.93	97.90 97.50 97.30 //barrel	DOW Spot	Dec.6 1626.4 JORES (9 Dec.4	16

EAT		2,000 US ga			, UNI	icag	U .		
	Letyst	Previous	High/Los		SOYA	BEAMS 5.0	000 bu min, o	ents/80jb bu	إفاره
len Fab	5915 5965	9033 6061	6055 8100	5890 5940		Close	Previous	High/Low	
	6845	6 915	6960	6825	Jan.	567/6	682/6	663/4	656
ior Any	5840 5480	5670 5489	5715 5580	5825 5480	Mar	564/0	566/6	569/4	582
en y	5400	5380	5420 ·	5370	May	570/4 577/0	574/6 581/8	576/4 584/0	508/ 576/
wg.	5430	5420	5480	5435	Aug	579/0	563/4	585/4	579
es et	5580 5680	6545 5850	6690. 5680	6680 5680	Sep	580/4	582/4	584/4 ·	679
~.	555		-	0000	Nov	583/2 583/0	585/2 595/6	587/0 0	582/ 0 .
		<u>. </u>					60,000 lbs; o	<u> </u>	÷
:0C0/	10 tonn	es:\$/locries	<u> </u>	·	. 5012	Close	Previous	High/Low	
	Close	Previous	High/Lov	· ·	Dec	19.60	19.72	19.79	19.5
lec	1248	1229	1248	1232	Jan	19.74	19.81	19.83	19.5
iar Lay	1289 1325	1276 1310	1292 1327	1272 1310	Her	20.03	20.09	20_15	19,5
_ لن	1355	1345	1355	1345	May Jul	20.30 20.46	20.85 20.80	20.45 20.66	20.1 20.4
60 60	1380 1417	.1368 1406	1386 1417	1372 1407	Aug	20.83	20.75	20.75	20.0
عمل	1448	1430	1445	1445	Sep Oct	20.65 20.85	20.70 20.70	20.90 20.95	20.6
tay .	1470 1493	1481 1484	0	0			L 100 tons: 1		
ep	1516	1509	ŏ	0	-012				
-		-				Close	Previous	High/Low	
OFFE	E "C" 87	.500/bs: cer	ds/lbs		- Dec Jan	173.3 171.4	174.7 172.7	175.1 173.3	172
	Close	Previous	High/Los		Mer	170.2	170.8	172.0	169.
	77.40	78.80	78.26	78,75	. Mey Jul	170.8 172.5	171.1 172.6	172.2 173.7	170. 172.
ANT C	77.4U 81.55	82.55	83.00	81.50	Aug	173.2	173.3	174.5	173
My	84,40 87,30	85.30 88.10	85,70 88,30	84.80	Sep Oct	173.5 188.5	173.2	175.0 188.5	173.
idep idep	89.90	90.75	90.75	87.10 69.60	Utik	100.0	185.6	1002	160.
)gC	93.25	94.75	94.00	93.95					
her .	96.60	97,40	0	a .	MAIZE	5,000 bu	min; cents/56	Sib bushel	
						Close	Previous	High/Low	
Man	R WORL	717 (120	00 lbs; ce	nts/lite	Dec	239/0	239/4	241/0	236/
	Close	Previous	High/Lot	y	Mar	248/0 254/6	. 248/6 255/4	250/0 258/4	247/ 254/
44	9.06	9,11	9.17	9.04	Jul	259/2	200/6	262/0	259
мy	8.93 8.91	8.96	9.03	8.92	Sep Osc	256/6 254/6	257/2 255/0	258/2 258/0	258/ 254/
kal Xest	8.90	8.93 8.92	9.00 9.00	8.90 8.00	Mar	251/2	261/4	261/0	261/
Mar.	8.85	8.88	5.94	8.91	WHEA	T 5,000 bu	min; cents/6	Oto-bushed	
Vay	8.81	8.84		. 0		Close	Previous	High/Low	
					Dec	391/6	390/2	399/0	390/
0110		conts/ibs			Mar	385/2	383/4 380/4	388/4 365/0	383/
	Close	Previous	High/Lov	, <u> </u>	May	361/6 325/6	329/2	332/0	326
lec'	57.15	57.47	57.50	56.80 58.35	Sep	334/0	383/4	336/4	333/ 346/
lay	59.57 59.70	59.46 . 60,47	. 69.45 80.45	58.51	Dec	348/4	348/4	345/4	340
	60.62	61.36	61.35	60.40					
uli							0.000 Nos. 067	its/ibs	
ud' let	63.05	63.25 63.79	63.66 63.60	62.75 63.30	TAE	CATTLE 4	*****		
ui' lot les fær	63.05 63.45 64.65	63.79 64.83	63.60 C	63.30 0	LIVE	Close	Previous	High/Law	
ui' lot les fær	63.05 63.45	63.79	63.60	63.30	Dec		Previous 73:20	73.35	72
ui [*] let les far lay	63.05 63.45 64.65 65.30	63.79 64.83 65.77	0 0 63.60	63.30 0	Dec.	72.75 78.65	Previous 73:20 74:10	73.35 74.40	72.
ui [*] let les far lay	63.05 63.45 64.65 65.30	63.79 64.83	0 0 63.60	63.30 0	Dec. Feb Apr	72.75 73.65 73.57	Previous 78-20 74-10 73-85	73.35 74.40 74.05	72.
ui [*] let les far lay	63.05 63.45 64.65 65.30	63.79 64.83 65.77	0 0 63.60	63.30 0	Dec Feb Apr Jun Apg	Close 72,75 73,65 73,37 69,52 67,87	Previous 73,20 74,10 73,65 70,22 68,50	73.35 74.40 74.05 70.20 68.55	73. 73. 69. 67.
uli lot los far lay ORAN	63.05 63.45 64.65 65.30	64.83 65.77 E 15,000 Iba	63.60 0 0	63.30 0	Dec. Feb Apr	72.75 73.85 73.37 69,52	Prévious 73:20 74:10 73:55 70:22 68:50 68:90	73.35 74.40 74.05 70.20	73. 73. 69. 67. 68.
ot oct oct oct oct oct oct oct oct oct o	63.05 63.45 64.65 65.30 Close 165.76 168.75	63.79 64.83 65.77 E 15,000 Des Previous 165.00 166.90	63.60 0 0 ; cents/fix High/Lox 165.75 166.75	63.30 0 0 163.90	Dec Feb Apr Jun Ang Oct Dec	72.75 73.65 73.65 73.37 69.62 67.87 68.37 69.50	Previous 78:20 74:10 73:55 70:22 68:50 68:90 70:10	73.35 74.40 74.05 70.20 68.55 68.90 98.90	73. 73. 69. 67. 68.
ot oct oct oct oct oct oct oct oct oct o	63.05 63.45 64.65 65.30 Close 165.76 168.75 166.50	63.79 64.53 65.77 E 15,000 Exe Previous 165.00 166.90 165.80	63.60 0 0 cents/fea High/Lo 165.75 186.75 186.50	63.30 0 0 163.90 165.00 184.75	Dec Feb Apr Jun Ang Oct Dec	Close 72,75 73,65 73,57 69,52 67,87 68,37 69,50 HOGS 40,0	Previous 75:20 74:10 73:55 70:22 68:50 68:90 70:10	73.35 74.40 74.05 70.20 68.55 68.90 98.90	73. 73. 69. 67. 68.
ot oct oct oct oct oct oct oct oct oct o	63.05 63.45 64.65 65.30 0E JUICI Closs 165.75 166.50 166.25 164.65	63.79 64.83 65.77 E 15,000 Ibe Previous 165.00 165.90 165.80 185.10 163.60	63.60 0 0 High/Los 185.75 186.75 106.50 165.25 6	63.30 C 0 163.90 165.00 184.75 165.80 0	Dec Feb Apr Jun Ang Oct Dec	72.75 73.65 73.65 73.37 69.62 67.87 68.37 69.50	Previous 78:20 74:10 73:55 70:22 68:50 68:90 70:10	73.35 74.40 74.05 70.20 68.55 68.90 98.90	73. 73. 69. 67. 63. 69.
ot let let let let let let let let let le	63.05 63.45 64.65 65.30 Close 165.75 166.50 164.65 154.06	53.79 64.83 65.77 E 15,000 EM Previous 165.00 165.60 165.60 163.60 183.60	63.60 0 0 High/Lon 185.75 186.75 186.50 166.25 6	83.30 C 0 163.90 165.00 104.75 165.60 0	Dec . Feb . Apr . Jun . Ang . Cet . Cec . LIVE .	Close 72,75 73,95 73,57 95,57 97,87 98,37 98,37 98,37 98,37 98,50 Close 41,60	Previous 73:20 74:10 73:55 70:22 68:50 68:90 70:10 000 Rb; cents/ Previous 41:55	73.35 74.40 74.05 70.20 68.55 68.90 98.90 High/Low 41.85	72. 72. 69.: 67.: 68.:
et les les les RAN Asy lui Rep tov	83.05 83.45 64.65 85.30 GE JUICI Close 165.75 168.75 168.26 164.26 152.45	53.79 64.53 65.77 E 15.000 lbe Previous 165.00 165.60 165.60 165.50 163.60 163.60 163.60	63.60 0 0 High/Los 185.75 186.75 106.50 165.25 6	83.30 C C 0 165.90 164.75 165.80 C 0 152.00	Dec Feb Apr Jun Ang Oct Occ LIVE	Close 72.75 73.65 73.65 73.57 69.62 67.87 68.37 69.50 61005 40.5 Close 41.60 41.06	Previous 78-20 74-10 73-55 70-22 68-50 68-90 70.10 000 Rb; conts/ Previous 41-55 40.97	73.35 74.40 74.05 70.20 68.55 68.90 98.90 bbs Hight/Low 41.85 41.40	72. 73. 69. 67. 68. 69.
ot let les	63.05 63.45 64.65 65.30 Close 165.75 166.50 164.65 154.06	53.79 64.83 65.77 E 15,000 EM Previous 165.00 165.60 165.60 163.60 183.60	63.60 0 0 1: cents/f2s High/Los 165.75 166.75 166.25 0 152.00	83.30 C 0 163.90 165.00 104.75 165.60 0	Dec Feb Apr	Close 72,75 73,85 73,85 73,87 88,57 68,57 69,50 Close 41,06 39,12	Previous 73:20 74:10 73:55 70:22 68:50 68:90 70:10 000 Rb; cents/ Previous 41:55	73.35 74.40 74.05 70.20 68.55 68.90 98.90 High/Low 41.85	72. 73. 69. 67. 69. 69. 41. 40.
ot let les	83.05 83.45 64.65 85.30 GE JUICI Close 165.75 166.50 164.05 154.05 152.45 182.46	53.79 64.53 65.77 E 15,000 Ibu Previous 165.00 165.80 165.80 165.50 163.50 163.50 152.25	63.60 0 0 1851/Lo 185.75 186.75 186.25 0 0 152.00 0	63.30 C C C T63.90 165.00 164.75 166.80 C C C C C	Dec Feb Apr Jun Jul	72.75 73.65 73.57 95.87 95.87 95.87 98.50 91.60 41.90 41.90 41.90 41.95 38.12 44.95 44.95 44.95	Previous 78:20 74:10 74:10 73:55 70:22 68:50 68:90 70:10 000 Rb; cents/ Previous 41:55 40:57 38:12 44:30	73.35 74.40 74.05 70.20 68.55 68.90 98.90 98.90 41.85 41.40 38.47 44.80	73. 73. 69. 67. 68. 69. 41. 40. 44. 44.
ot o	63.05 63.65 64.65 65.30 0E JUICI Closs 165.76 166.25 164.65 152.46 152.46	53.79 64.53 65.77 E 15,000 Ibu Previous 165.00 165.80 165.80 165.50 163.50 163.50 152.25	63.60 0 0 1851/Lo 185.75 186.75 186.25 0 0 152.00 0	63.30 C C C T63.90 165.00 164.75 166.80 C C C C C	Dec Feb Apr July Aug	Close 72.76 73.95 73.97 95.97 95.97 95.97 96.37 96.39 90.03 41.90	Previous 75:30 74:10 73:55 70:22 65:50 65:90 70:10 000 lb; cents/ Previous 41.55 40.57 38:12 44.72 44.30 43.55	73.25 74.40 74.05 70.20 68.55 68.90 68.90 68.90 68.90 41.85 41.40 39.47 44.80 43.65	73. 73. 69. 67. 68. 69. 41. 40. 44. 44.
oct correction of the correcti	68.05 68.45 65.30 GE JUICI Close 168.75 168.50 168.45 184.65 184.65 182.46 182.46	53.79 64.53 65.77 E 15,000 Ibu Previous 165.00 165.80 165.80 165.50 163.50 163.50 152.25	63.60 0 0 1 cente/fea 145.75 165.75 166.50 166.25 6 0 152.00	83.30 0 0 183.90 185.00 186.00 0 0 152.00 0	Dec Feb Apr Jun Ang Oct Dec Feb Apr Jun Jun Aug Oct	72.75 73.95 73.97 93.97 93.97 93.97 93.97 94.90 41.90 41.95 44.95 44.95 44.95 44.95	Previous 78:20 74:10 74:10 73:55 70:22 68:50 68:90 70:10 000 Rb; cents/ Previous 41:55 40:57 38:12 44:30	73.35 74.40 74.05 70.20 68.55 68.90 98.90 98.90 41.85 41.40 38.47 44.80	73. 73. 69. 67. 69. 41. 40. 44. 44. 40.
oct correction of the correcti	68.05 68.45 65.30 GE JUICI Close 168.75 168.50 168.45 184.65 184.65 182.46 182.46	63.79 64.83 65.77 Frevious 165.00 165.90 165.90 165.90 165.50 162.25 182.25	63.60 0 0 1 cente/fea 145.75 165.75 166.50 166.25 6 0 152.00	83.30 0 0 163.90 165.00 165.00 0 0 0 0	Dec Feb Apr Jun Jul Aug Oct Occ LIVE	72.75 72.75 73.95 73.97 89.97 97.87 89.57 99.57 99.57 99.57 41.95 41.95 41.95 41.95 41.95 41.95 41.95 41.95 41.95 41.95	Previous 75:20 74:10 73:55 70:22 68:50 68:50 70:10 00 Rt; cents 41:55 40:97 38:12 44:72 44:30 -53:55 41:55	74.05 74.00 74.00 74.00 70.20 88.50 88.50 88.50 88.50 88.50 41.85 41.40 38.47 44.80 44.80 44.80 44.80 44.80 44.80 44.80 44.80 44.80 44.80 44.80 44.80	73. 73. 69. 67. 69. 41. 40. 44. 44. 40.
oct correction of the correcti	68.05 68.45 65.30 65.30 Close 168.75 168.25 168.25 152.45 152.45	63.79 64.53 65.77 F 15,000 Ebs Previous 165.00 165.00 165.00 163.50 163.50 162.25 162.25 162.25	63.60 0 0 1 cents/fes 195.74 196.75 196.50 195.25 0 0	83.30 0 0 163.90 165.00 165.00 0 0 0 0	Dec Feb Apr Jun Jul Aug Oct Occ LIVE	72.75 72.85 73.87 80.92 97.87 80.50 97.87 80.50 97.87 80.50 41.90 41.90 41.90 41.90 41.90 41.90 41.90 41.95	Previous 75.30 74.10 73.55 70.22 63.50 65.90 70.10 00 Rb; cents/ Provious 41.57 33.12 44.50 43.55 40.56 41.57 40.56 41.55	73.35 74.45 74.45 70.20 68.50	73. 73. 69. 67. 69. 41. 40. 44. 44. 40.
ot ot other lay	83.05 63.45 64.65 65.30 CCIORP 165.76 168.50 168.26 168.26 152.45 152.45 152.45 152.45 152.45 152.45	63.79 64.83 65.77 F 15.000 Es Previous 165.90 165.90 165.90 165.90 163.50 163.50 163.50 163.50 163.50 163.50 163.50 163.50 163.50 163.50 163.50 163.50	63.80 0 0 1 19572 196.75 196.75 196.75 196.25 0 1 152.00 0 0	83.30 0 0 165.90 164.75 165.00 0 0 0 0 0 0 0 0	Dec Feb April July Dec Feb April July Aug Oct Dec Feb April July Aug Oct Dec Porti	72.75 72.85 72.85 73.87 60.82 67.87 60.82 60.80 60.60 60.60 41.90	Previous 75.30 74.10 73.55 70.22 63.50 65.90 70.10 00 Rt; cents/ Previous 41.55 40.57 38.12 44.50 43.55 40.56 41.55	73.35 74.45 74.45 70.20 68.50 68.50 68.50 68.90 10.5 High/Low 41.85 44.90 46.90 46.9	72. 72. 60.1 60.1 60.1 60.1 60.1 60.1 60.1 60.1
ot ot other lay	83.05 63.45 64.65 65.30 CCIORP 165.76 168.50 168.26 168.26 152.45 152.45 152.45 152.45 152.45 152.45	63.79 64.83 65.77 E 15.000 De Previous 165.00 165.00 165.00 163.50	63.80 0 0 1 1957.6 196.75 196.50 196.50 196.25 0 152.00 0 0	83.30 0 0 165.90 165.00 164.75 166.00 0 0 152.00 0 0	Dec Feb Apr Jun Jul Aug Oct Dec Feb Apr Jun Jul Aug Oct Porti	72.75 72.85 73.85 73.87 80.82 97.87 80.82 60.80 41.90 41.90 41.90 41.95 44.95 44.95 44.95 41.25 41.25 Giose 97.72	Previous 75:30 74:10 73:55 70:22 68:90 70:10 68:90 70:10 00 fb; cents/ Previous 41:55 40:57 38:12 44:72 44:72 44:75 40:56 41:55 40:56 Previous 37:97	73.35 74.45 74.45 70.20 68.50	72. 72. 68.1 67.1 68.1 41., 40.1 44., 40.1 41.1
or control of the con	83.05 63.45 64.65 65.30 2E JUICC Close 165.75 166.75 166.25 164.95 152.45 152.45 152.45 162.45 152.45 162.45 162.45 162.45 162.45 162.45 162.45 162.45	63.79 64.83 65.77 E 15.000 De Previous 165.00 165.00 165.00 165.50 163.50 162.25 162.25 162.25 162.25 164.23 36ast: Oec. 3	63.80 0 0 1 1957.6 196.75 196.75 196.75 196.25 0 1 152.00 0 0	83.30 0 0 165.90 165.00 164.75 166.00 0 0 152.00 0 0	Dec Feb April July Dec Feb April July Aug Oct Dec Feb April July Aug Oct Dec Porti	72.75 72.85 72.85 73.87 60.82 67.87 60.82 60.80 60.60 60.60 41.90	Previous 75.30 74.10 73.55 70.22 63.50 65.90 70.10 00 Rt; cents/ Previous 41.55 40.57 38.12 44.50 43.55 40.56 41.55	74.05 74.05 74.05 70.20 68.50 68.50 68.50 68.50 68.30 41.40 38.47 44.50 40.75 44.50 41.40	72. 73. 69. 67. 69. 69. 41. 40.



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DBITUARY Mining director and war hero

STORY OF THE PROPERTY OF THE P Compensation of the Ben Section of Section (Section)

Banks fall again There was no let-up for a battered and bruised banks sector after news that the Max-well brothers, Kevin and Ian, had applied for an administra-2 margin (12 to 12 tion order for two of the most - important of the Maxwell fam-.s =1_ ily private companies, Head-様 Tanabasa Asia Tanabasa 縁 No. 12 Asia Tanabasa であることである。

5 (Ne.

news; every marketmaker had already chopped their prices to head off the sellers," said one dealer. Bank shares have suffered from unrelenting selling for a number of weeks, hurt by a never-ending flow of bad debts from recession-hit industries, plus a flood of bad debts from

private customers.

Earnings forecasts have been progressively lowered for many months, with the sector pushed down on Wednesday by a blanket downgrade of estimates by UBS Phillips & Drew. The latest Maxwell news caused more analysis to start factoring in the big banks' exposure to the

Maxwell companies.
National Westminster, whose exposure to the Maxwell empire is put at around £280m,

LONDON STOCK EXCHANGE

Nervous rally follows initial setback

By Terry Byland, UK Stock Market Editor

CONCERN over interest rates and the growing problems in the UK corporate sector combined to overwhelm the Lon-don stock market in early tradhig yesterday. Tensions were heightened when one leading harketmaking firm marked there prices down heavily and some institutions began to eller stock across the broad range of the blue chip issues. The session started badly with the market alarmed by the dramatic developments in the Maxwell situation and by the Bundesbank's decision

the day.

A fall in the FT-SE Index was quickly extended to nearly 37 points as traders brushed aside an important support level at 2,400. At the day's low,

Receipts (ADRs).

The shares are dealt in New

York but only as "pink-sheet" ADRs, which do not have a

quotation on trading screens. If they are given full listing they

will be dealt on the floor of the

arket and provide a visible

Shortly before the official

close of trading in London.

Wellcome put out a statement

denying the rumour. A Well-

come spokesman said: "We

have no plans to seek any list-

ing outside London at the

moment. This is something

which the board reviews from

time to time but it is not on

.There was also some talk

that the company trustees, who hold 75 per cent of the

shares, were about to release

the agenda at present."

stock on to the market.

New York Stock Exchange by a specialist who would make a

postpone its customary

se conference until later in

*Plest Deelings: Nov 28 Dee 9 Dec 30 Dec 23 Account Days
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the Footsie touched 2,386.9 but the market rallied as interest rates were held unchanged in Germany and wild rumours of impending statements on the Maxwell situation proved entirely unfounded. Among a host of heavy deals at the close was a 36m trade in Premier Oil (8 pc of the company), at about half the closing price.

By the close, the FT-SE Index had recovered to 2,407.0, for a net loss of 16.8. Traders

reported some sizeable selling Account Dealing Dates

at first, when one UK house was believed to be attempting to operate a £100m selling programme. However, much of the activ-

ity was between market making houses, several of which faced heavy losses when the Footsie collapsed. One house was struggling with a block of stock in the banking sector. Sentiment was still very neryous at the end of the day, in spite of the rally in the Footsie. The very large swings in the Footsie which have become a feature of London trading are hurting the marketmakers and

to take positions. Next week brings the opening of an equity trading account extended to cover the Christmas break Extended

reinforcing their unwillingness

trading accounts are traditionally difficult for the traders, and share prices can move very quickly if the big houses cut stock positions.

Activity in stock index futures yesterday reflected hurried arbitraging by securities firms seeking protection in an erratic market. The December future con-

tract on the Footsie, which closed around 2,423, provided support for the market's relief that the 2,400 support level had once again proved solid - at least for the time being.

However, many equity chart specialists continued to warn of further falls in the stock market and there were few optimists about, even for the short term. The hank stocks, which have fallen by up to 20 per cent since early-November.

no improvement in the near

future in the London commercial letting market. MEPC, down 7 at 420p, and Land Secu-

rities, off 8 at 462p, both suf-

A badly executed selling

order by a provincial broker was being blamed by City mar-

ketmakers on a fall of 16 to 84p

for City Site. Analysts, how-

ever, were not so generous,

attributing the decline to con-

tinuing worries over dividend

fered as a result.

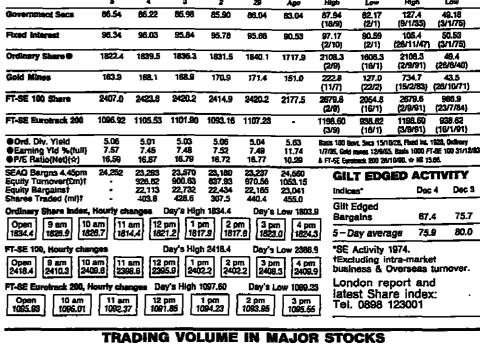
suffered further losses vester day on worries about dividend

Today brings a list of important statistics on the US economy. The UK market remains highly nervous of the outlook for Wall Street and for the Tokyo equity market.

At the beginning of next week, the latest data on domestic retail sales and consumer credit are expected to provide a further guide to the elusive trend of retail business as the store groups move into the all-important Christmas selling season, when most of their annual profits are traditionally

Confidence was not helped yesterday by the announce-ment that UK car sales fell last month by 14.4 per cent, year on

Dealers said a fall of 19 to



FINANCIAL TIMES STOCK INDICES

Wellcome was given another beating yesterday but closed well above the day's worst after a flurry of bear closing. The stock fell to 246p, its lowest since January, before ending 5 off at 260p. Turnover was 9.6m shares, the heaviest in a single session since lest August beats the trend

since last August.
Lloyds, with Maxwell loans
of an estimated £190m-plus, fell PHARMACEUTICAL group 10 to 347p on 45m and Bar-clays, 2150m exposed, gave up 2 to 345p. Midland, buffeted on Wednesday by a downgrade by Smith New Court, fell to 181p Wellcome stood out against the trend with the biggest rise among the FT-SE 100 constituents yesterday. The jump of 24 to 885p resulted from specula-tion that the group was seek-ing a full New York listing for before ending 9 off at 187p.
Standard Chartered, one of its American Depositary

the few strong performers among banks in recent days. lost steam and retreated 19 This week's steep falls in

share prices upset merchant banks with equity marketmaking divisions, S.G. Warburg lost 13 to 510p and Kleinwort Benson 15 to 268p.

Lonrho pressure

The downward pressure on Lourho shares during the past two trading sessions on the stock market intensified during initial dealings yesterday. This triggered renewed heavy selling of the stock and prompted a statement from the company that it knew of no reason for the sharp decline in its shares in the past two days. Lonrho dropped to around the 148p mark during early trading, the lowest level since December 1987. Turnover spi-ralled upwards to reach 15m shares, by far the stock's heaviest in a single day since September 1989.

After the company's statement the shares stabilised and were eventually 18 lower on the day at 159p, making a three-day drop of 61.

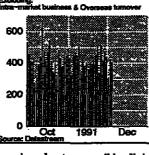
Dealers said the stock had

continued to fall at the outset

FT~A All~Share Index 1.250

Equity Shares Traded

Tumover by volume (million)



worries about a possible divi-dend cut and the balance sheet, and concern over metal

Rank weaker

ally favourable to the sale of the group's motorway service stations, but Rank cannot shake off the stigma of recent downgrades for the stock. However, a number of analysts foresee support at the 560p

ington Investments and Robert yesterday because of persisting monthly analysis which saw Maxwell Group. There was no real selling pressure on the **NEW HIGHS AND LOWS FOR 1991**

In spite of an £85m cash disposal yesterday, Rank Organi-sation failed to stem its declining trend and finished 17 aker at 565p. Market reaction was gener-

Negative sentiment in the property sector was further weakened by a report from a leading West End surveyors' interim figures at the top end

NEW MOUSE (17).
BRITISH FURBERS (2) Conv. Spc Ln. 2011 B.
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CHESMECALS (1) Yorkshire Chems.
ELECTRONICS (1) BOYLAND, MYESTHEEMT
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(A), CHEMISS (1) MATERIALS (2) Freeman, Roseal
(A), CHEMISS (1) MATERIALS (2) Freeman, Roseal
(A), CHEMISCALS (2) Anglo Link, Leigh
Infansats, CONGLOSEERATES (3) Cannon
St. Lines, Hasson Wirms, Herrisons &
Crostfield, Lowing, Tradigur House A.
COSTRACTISM & CORSTRUCTION (1)
Birss, Bryant, CALA, Leinglin, Do. A NV
V. Lilly, Lowel (1), MCAL Englain & Harvey,
Mourism (J), MSM, Tayfor Woodrow, Ward
Hidga, Wessol, Westbury, ELECTRICALS
(1) Chloride, SLECTRONICS (2) AB Sect.
Amedical, Sorre, ENGREZERING AERORPACE
(1) Reds-Royce, ENGREZERING AERORPACE
(1) Reds-Royce, ENGREZERING AERORPACE
(1) Reds-Royce, SEASTRUCTION,
HOTELS & LESSINE (4) Marine Deve.,
Principal Hotels, Steepy Kids, Warmbley,

BISURANCE EROUSERS (1) Sedgwick, 188URANCE COISPOSITE (2) CRE, Royal Insce. BISERRANCE LIFE (2) London & Manchester. Und. Friendly B., BWESTINENT TRUSTS (3) Castle Cairn Wirms. County Smilt. Co's., Drayton Eng. & Ind. Wirms., French Prop., Gartmore Scot. Cap., Kelmwort High Inc., Sphere Inc., Do. Wirms., US Smiller Co's., MEDIA (4) Slock (A C., MMI, TV-an, WFP Wirms., METAL & METAL PORIBING (3) ASW. Caysithine 9 Jap. Lin. 100-07, Glynwed Ind., MISCAL & METAL PORIBING (3) ASW. Caysithine 9 Jap. Lin. 100-07, Glynwed Ind., MISCAL AMEOUS (2) Dinkle Hoel, PFG Hodgisch Kenyon, MOTORS (4) European Molor, GKN, Locas Inds., Do. Wirms., Olf. & GAS (7) Arab Energy, Calm Energy, Clyde Psi., Enterprise Off, Pici. Pet., Premier Cons., Senios, OTHER ROUSETHAL (6) Aberdeen Tst., First Nati. Fig., Genard & Nati., Grossword Dw. Cap., JF Philippine Wirmts., King & Shasson, OTHER ROUSETHAL ALATERIALS (1) Whitscrott, PACKAGENG, PAPER & PRINTING (2) Buhrmarn-Tedenoca, Repola, PROPERTY (18) Bradero, City She Ests., Five Cabs. Hemmerson A. Heiste Bar, Do. 54 pp Pri. 2012, Land Sec., MEPC, Ossory Ests., Power Corp., Sedeland, Scot. Motrop., Speyharak, Linkin Spane, Walses City of London, STORES (4) Bentalls, Francis Commedion, Retries, Do. 6 % p Pri., TRAMSPORT (1) Al Nippon Airways, WATER (1) Anglisn, MINES (5) Cleff Res., Meskathaurre, Waverley Ming. Fin.

payments at high yield property groups. Helical Bar retreated 15 to 1250 as stock offered in the market failed to attract any early takers. Relief greeted the mainte-

nance of Greycoat's interim dividend and the stock improved 3 to 115p. A line of 9.9m Royal Insurance at 264p was said by one dealer to have been an incorrectly reported trade. Royal

shares, down to 258p at one point, settled a net 2 off at 60p. Lloyds Abbey Life, a poor market in recent weeks after a series of profits downgrades by top City broking firms, dropped 11 more to 338p, with one of the City's big integrated securities houses said to have placed a line of 2.2m shares at 330p, a significant discount to

block of 2.5m Lloyds Abbey traded earlier in the day at US investors continued to buy Glaxo in spite of weakness on Wall Street. The pharma-ceuticals group firmed 6 to 824p. Results from 824p. Results from Smith & Nephew were as anticipated and the shares held at

the then ruling market price. A

134 %p. Reuters rose 6 to 919p on unimpressive turnover. The absence of negative news about the final dividend. as the company reported of expectations, propelled Pilk-ington out of recent doldrums. The shares advanced 10 to

121p, making it one of the day's top performers. Turnover rose to 12m. Profits fell from £103.2m to £50.6m but the dividend was maintained at 2.93p.

The market was also encouraged by the chairman's state-Shares in container group Tiphook fell 12 to 453p in spite of a 56 per cent jump in interim profits to £39.9m. One

analyst said: "These are good figures but it is a stock that isn't very well understood. Leasing has a bad name and the market just can't get over it. Cash flow is the real ele-ment of valuation and the market isn't looking at that."
A squeeze helped Dowty
Group add 3 at 154p. An
agency cross in ASW at 135p
left the shares 6 off at 138p.

Life and chief executive of

Black Horse Agencies.

725p in Pearson was prompted by a cut in the profits forecast from securities house Hoare Govett. However, Hoare's media analyst Ms Chris Munro said her new figures were not market's range of forecasts and she did not believe her predicted cut was responsible

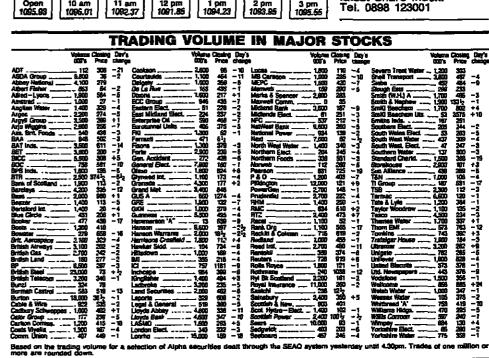
Carlton Communications remained weak ahead of results next Tuesday. The shares have fallen sharply over the past week and closed 18 off at 415p yesterday. A profits downgrade by Kleinwort Benson depressed

Forte, which dipped 6 to 239p. Full-year results from Grand Metropolitan were higher but in line with market expecta-tions. The shares rose 9 after the announcement but slipped to close unchanged at 846p.

Bass hardened a penny to 960p following positive results and upgraded forecasts from analysts on Wednesday. Regional brewers were unset-tled by widespread suggestions that Wolverhampton & Dudley may call on investors for extra cash when it reveals fullyear results today. Wolver-hampton shares were down 13 at one stage before closing 8 off

MARKET REPORTERS: Peter John, Joel Kibazo, Christopher Price, Steve Thompson.

■ Other market statistics, includ-ing the FT-Actuaries Share indi-ces and London Traded Options, Page 28.



EQUITY FUTURES AND OPTIONS TRADING

Based on the trading volume for a selection of Alpha securities dealt through the SEAO system yest more are rounded down.

TRADING in Footsie futures spent most of the session speculating on German interest rates, writes Joel Kibazo.

Early weakness in the December contract gave way to buying until confidence evaporated mid-morning on news about the Maxwell companies and the consequent effect on the banking sector, news which reduced the contract to the day's low of 2410.

Listlessness disappeared in remained volatile as dealers the afternoon when the Bundesbank announced that there would be no increase in rates. December closed at 2,423, 6 points above its estimated fair value premium to cash as turnover rose to 8.431.

The Footsie option traded 7,057 contracts. British Gas was the busiest stock option with a total of 2,836 contracts. This was followed by Rolls-Royce, which traded 2,371 lots, most of which rep-In LTOM, turnover rose to a healthy 41,486 contracts. Dealers talked of large put buying resented a roll over into the March series. Lonrho, also active in the cash market, saw as protection against falls in the underlying stocks. One strategist pointed to the wid-2,297 contracts traded.

ening call-put ratio as a sign

that the recent market falls may soon be at an end.

BRITISH FUNDS - Cont. | BRITISH FUNDS | FUND ### 1983 10513 10.26 9.70 ### 1983 10513 10.26 9.70 ### 1983 10513 10.26 9.75 ### 1983 10513 10.26 9.75 ### 1983 10513 10.26 9.75 ### 1983 10.26 9.75 Five to Fifteen Years Treat 13 % pc 1997## 12% Each 10 % pc 1997## 12% Fress 8 % pc 1997## 126% Each 150c 1997 126% Treas 8 % pc 1998 92% Treas 8 % pc 1995-68## 88

APPOINTMENTS

From O&M to AMV

Peter Warren, reputed to be one of Britain's highest paid advertising agency directors, is joining Abbott Mead Vickers in a bid to develop the group into a significant process. to develop the group into a significant force in European

advertising.

Warren, aged 51, is one of the best-known names to leave the Ogilvy & Mather stable following differences of opinion with its new owner, WPP. Having started work in the postroom, he spent 34 years with Ogilvy ending up as chairman of O&M Europe where he had overall responsibility for 93 offices in 19 countries. advertising. offices in 19 countries.

Among his major clients

Reigning at

Monarch

RESOURCES, the

London quoted mining

and Unilever. He resigned as an executive in January 1991 but has spent the last 12

but has spent the last 12 months as a consultant to O&M Worldwide.

Although AMV is considerably smaller than WPP its recent success is reflected in the fact that in terms of stock market capitalisation it is roughly twice as big as WPP. AMV says Warren will "play a major part in the integration of its agency within the international advertising network, BBDO, following AMV's acquisition of BBDO's UK agency earlier this year". BBDO is the London arm of Omnicom of the US which has taken a 23 per US which has taken a 23 per cent stake in AMV.

to Michael Beckett, a former Consolidated Gold Fields md who is now Monarch's

chairman. Two of the other original Monarch directors have now been appointed vice-presidents: Andrew Nelson is vice-president, chief financial officer, and Andrew Hayland is vice-president Adrian Nash, the principal founder of MONAECH company with operations in Venezuela, has now disposed of his 12 per cent shareholding and his representative on the Harland is vice-president, general counsel. The American style titles reflect the fact that Monarch is board, Frederico Araujo, has consequently resigned.

Shareholders who have put
E25m into Monarch since it
was floated in 1987 at 295p closing its offices in London and Paris and is "changing to a US culture", says Beckett. Anthony Ciali, another former Gold Fields executive brought a share have seen the price in as president and chief down to 50p. It is now about executive in May, is based in 133p but the company needs to be refinanced, according New Jersey.

the appointment of Douglas McKenzie as md of the Scottish Engineering division and John Stepney as finance director were Beecham. Ford. Guinness Rowntree Mackintosh, Shell and secretary of Precision Machining (Edinburgh). ■ JICNARS has promoted Roger Beeson, its acting general manager, to md of National Readership Surveys. ■ Ian Johnstone has been promoted to sales director and George Clarke manufacturing

FIFE INDMAR announces

director of BRYANT & MAY.

WEIR GROUP announces that Bill Currie is now finance director of Weir Westgarth, while Bob Anderson becomes finance director of Liquid Gas Equipment.

David Wood, formerly finance director of Connell, is to become md of BLACK HORSE AGENCIES on the retirement of Peter Constable

■ Peter Woodhouse is appointed human resources director of MSAS CARGO INTERNATIONAL in place of David Daley who is or David Daley who is promoted to personnel director of Ocean, the parent company.

Mark Bullock is appointed financial director of HAYS Specialist Distribution. E LAWSON MARDON GROUP announces that John Durstan, formerly chairman of the formerly charman of the Flexible Packaging Division, is appointed group vice-president strategic planning; his place is taken by Terry Bloomfield. Serge De Paoli, vice-president of planning and development, becomes chairman of the European Folding Carton division. Graham Crocker is a director of the HEAVITREE BREWERY.

Inputting to Wales

over the drive to attract companies in the financial services sector into Wales. He has been appointed director of the Financial Services Initiative Wales, a body co-ordinating the work of the Welsh Development Agency and the local authorities in developing south Wales as a financial centre.
Ashmead is joining from
Lloyds Merchant Bank where he was a director. Before that he was with County NatWest

The FSI was set up three years ago by the then Secretary of State for Wales, Peter Walker, to develop the area as a financial centre. It has already attracted some 30 companies, including N M Rothschild, National Provident Institution and Banque Nationale de Paris.

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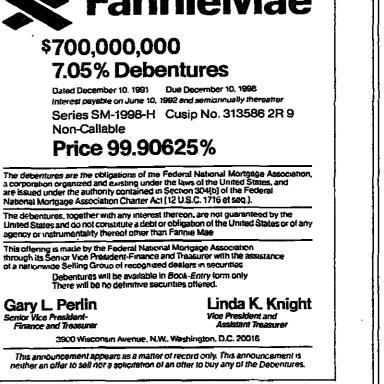
Prices are designated for every buff-host each twenty-ton-burs period. Prices are in pounds per megahanthour, rouncid in two feedings labent. It convert prices in patient per inflamenthour medical per i Some 70,000 are now employed in financial services in Wales, about 20,000 of them in Cardiff. Over 3,700 new jobs have been created in south Wales since the initiative was

Pool perchants (14.20 p Pool price 14.25 14.50 1 NEW ISSUE December 3 1991 FannieMae \$700,000,000 7.05% Debentures Non-Callable Price 99.90625%

as a director of Lloyds Abbey

Robert Ashmead, 39, is to take





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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate worries depress dollar

US economists are more bear-ish and are forecasting a decline in excess of 50,000.

With the US economy failing to grow any faster and a presi-

dential election looming next year, there is widespread talk that there could be another cut

in interest rates.

A % point easing in the Fed-

eral Funds rate to 4% per cent along with a % point cut in the discount rate is being can-vassed. But the American mon-

etary authorities may want to

wait until the November infla-

tion figures are released at the end of next week. The D-Mark was firm against

ERM currencies despite the Bundesbank's decision not to

raise rates. The belief that Ger-

many will tighten policy after the next Bundesbank council meeting in a forthight's time

Against the French franc,

bolstered the mark.

THE DOLLAR lost ground yesterday on fears that slug-gish American growth will force the Federal Reserve to

ease monetary policy, perhaps as early as next week. A sign of the bearishness towards the dollar was that it was not helped by the Bundes-bank's decision to raise inter-est rates. Instead, fears of a cut in US rates dominated trading. The dollar closed at DM1.5890 from DM1.6140 and to Y128.70 from Y129.50 and is now close to the lows struck last month when speculation was building up about the last easing of policy.

The release of the November

employment report today is eagerly awaited by foreign exchange operators. The belief among many dealers is that a weak set of numbers could

trigger an easing.
The latest figures on new applications for unemployment insurance benefits in the week ended November 23 were not encouraging. They rose by 57,000 to a seasonally adjusted 471,000, while the four week moving average measure, which is watched by many analysts, rose to 458,000 from 445.250.

The November jobs report is expected to reveal a 22,000 drop in non-farm payroll employ-ment, compared with the October decline of 1,000. But some

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Dec.5	Lates	Previous Close			
£ Spot	1.7960 - 1.7970 0.83 - 0.82pm 2.53 - 2.51pm 9.57 - 9.47pm	1.7845-1.7855 0.82-0.80pm 2.53-2.50pm 9.53-9.43pm			
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CURRENCY RATES					
Dec 5	Bank ş rake %	Special ° Drawing Rights	Egropean † Carreacy Unit		
Sterling	5.00 8.17 7.50 8.00 9.50 7.50 8.00 10.4 11.2 5.00 8	0.781709 1.39027 1.57810 15.4989 45.9797 8.68293 2.23069 2.51639 7.62424 1685 58 179.484 8.79346 143 027 8.19480	0.714015 1.27630 1.44975 14.3252 41.9584 7.92136 2.03608 2.29441 6.95967 1539.73 164.515 8.02538 130.397 7.46317		
Swiss Franc Greek Dracts Intel Part	7.00 19	1.97627 N/A N/A	1.80469 232,312 0.763795		

OTHER CURRENCIES

011111	i odina	
Dec 5	£	5
Argentina	17696.2 - 17733.5	9900 <u>.00</u> - 9910.00
Arstralia Brazul	2,2905 - 2,2925 1558 70 - 1559,85	1.2785 · 1.2795 871 750 · 871 90
Florand	7.7125 - 7.7585	4.3280 - 4.3330
Greece	322,250 - 327,400	180,450 - 183,300
Hong Koog	13.9490 - 13.9625 116.25	/./1200 - /./18/10 66:00*
Korea(Sth)	1 339 95 - 1361 55	750 10 - 759.10
Kurwati	0.51255 - 0.51325 58.70 - 58.80	D.28420 · 0.2845
Lasembourg	4,9190 - 4,9275	27460 - 27480
Mexico	5434.00 - 5440.63	3040.00 - 3042.0
		1.7790 - 1.7810 3.7495 - 3.7505
Şandi Ar Singapore	6.6730 - 6.7495 2.9625 - 2.9700	
S.Af (Cm)	4.9830 - 4.9950	2.7835 - 2.7850
SAUTO .	5.5310 - 5.6175 45.66 - 45.75	3.0865 - 3.1350 25.70 - 25.80
Taiwan	6 5 5 6 - 42.73	1675 1679

*Official rate. Floating rate £-2510.0 S-1420 0

MONEY MARKETS

EUROPEAN money market rates were firm yesterday despite the Bundesbank's decision to leave monetary policy unchanged at its council meet-Money dealers said expecta-tions that the Bundesbank could still raise interest rates

at its next meeting in just under a fortnight kept rates steady.

The D-Mark's continuing strength also kept the upward pressure on most rates in Europe. German rates were the exception. Call money traded

UK clearing bank base leading rate 18.5 per cent from September 4, 1991

just below 9% per cent, the Bundesbank's Lombard emergency funding rate. In the futures market, the March Euro-mark contract rose 6 points to 90.74. But in spite of the slight easing in German rates, the markets are still

anticipating a % point rise in the Lombard rate at the Bundesbank's next meeting. Mr Jonathon Griggs, money market analyst at Barclays Bank, said there was a risk that the Bundesbank does not intend to increase rates. But the expectation in the market kept rates firm and the currency strong - all of which tighten monetary policy.

Rates remain firm

monetary policy management. They've got the market believing rates will be raised but not to the extent that they risk a D-mark collapse when they leave rates unchanged."

UK money market rates
were steady with the three months inter-bank rate unchanged at 10%-% per cent. In the futures market, March

"It's a classic piece of

short sterling was steady at 89.68. At current levels, the market is signalling that as long as the speculation about German rates continues, there will be little scope for a reduction in

UK rates.

Speculation about a reduction in US rates continued to grow ahead of the November employment report, which is released today. If, as expected, the figures are poor then the talk will continue that the Federal Reserve will ease before the end of the year.

before the end of the year. The December Eurodollars The December Eurodollars contract rose a point to 90.16, although in its daily money market operations, the Federal Reserve refrained from injecting liquidity into the banking system.

In Stockholm the central bank raised its marginal lending rate from 11% per cent

lending rate from 11% per cent to 17% per cent in a move aimed at restoring confidence in the foreign exchange Finnish government's recent

was recently forced to defend. The lira was also weak and the

Bank of Italy intervened in the currency markets selling marks for lira and Ecu's.

Sterling was also depressed, falling back to DM2.8500 from DM2.8625. Sterling also firmed to \$1.7935 from \$1.7735. to \$1.7935 from \$1.7735.

The Scandinavian currencies were actively traded after the hike in Swedish rates to 17% per cent from 11% per cent. The move bolstered the krona, with the mark falling to SKr3.6630.40 from SKr3.6690.

Swedish corporate players were active buyers of the krona, while international investors sold on fears that Sweden could yet be forced to follow Finland and devalue its

currency.
The Norwegian and Finnish markets also came under pressure. But the Swedish market was buoyant enough for the central bank to rebuild its reserves by selling krona.

ems e	UROPE	an curi	RENCY !	JNIT RA	res_
	Eta Central Rates	Carrency Amounts Against Ecs Dec 5	% Change from Central Rate	% Spread as Westerst Correcty	Divergence Indicator
parish Pesta Bejdan Frank Hark Hark Hark Hark Hark Hark Jana Ura Jana Ura Jana Krose Kering	133.631 42.4032 2.05586 2.31643 0.767417 1538 24 6.89509 7.84195 0.596904	130.397 41.9584 2.03608 2.29441 0.763795 1539.73 6.9597 7.92136 0.714015	-242 -105 -0.96 -0.95 -0.97 0.10 0.94 1.01 2.46	5.54 5.54 5.54 5.54 5.54 5.56 5.56 5.56	4023548B

POUND SPOT - FORWARD AGAINST THE POUND

Dec 5	Day's spread	Close	One month	% 0.1	Three mostle	9 <u>4</u>		
US Carpila Alchertants Belgiten Desmark Fraist Germany Fortogal Spole Hally France Sweden Jassen Austria Ecu	250.75 - 253.25 181.90 - 183.00 21.49.25 - 21.61.00 11.1975 - 11.2725 9.7225 - 9.7675 10.4150 - 10.4675 230.25 - 231.25 20.00 - 20.08 2.5200 - 2.5300 1.3995 - 1.4055	1972) - 1,0730 2,8475 - 2,8525 250,75 - 251,75 181,90 - 1,852,50 11,2625 - 11,2725 9,7726 - 9,7425 10,4325 - 10,4425 230,25 - 231,25 20,00 - 20,83 2,5200 - 20,83 1,5200 - 1,005	0.83-0.81.cpm -0.95-0.49cm -1-1-1-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-	5.49 3.06 0.71 1.14 0.79 1.21 0.46 1.23 0.17 1.23 0.17 1.23 0.17	2.55.2.52m 1.63.1.52m 2.5m 16.1.1m 33.2.5m 0.10.5m 84.132m 84.132m 84.132m 15.1.4m 34.4.2m 15.1.4m 15.1.4m 0.0664.0.05m	5.56 3.992 1.093 1.72 1.624 1.629 1.644 2.201 2.201		
Commercial rates taken construits the end of London trading. Sta-month forward debiar 5:08-5:03-pm. 12 Month 9:53-9:43-pm DOLLAR SPOT - FORWARD AGAINST THE DOLLAR								
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9.53-9.43cpm	AR SPOT	- FORWAR	D AGAIN	ST	THE DOL	LAR		
9.53-9.43cpm	1 							

Dec 5	Skort	7 Days	One	Tirree	Six	One
	tem	notice	Month	Months	Months	Year
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EXCHANGE CROSS RATES											
Dec.5	£	5	B16	Yen	F Fr.	\$ Fr.	N Fl.	Lira	CS	B Fr.	Ecu
£	1	1.793	2.850	230.7	9.737	2.525	3,210	2155	2.037	58.75	1.405
\$	0.558	1	1.590	128,7	5 431	1,408	1.790	1202	1.136	32,77	0,784
DM	0.351	0.629	1	80.95	3.416	288.0	1.126	756.1	0.715	20,61	0,493
YEN	4.335	1.772	12.35	1000.	42.21	10.94	13.91	9341	8.830	254,7	6.090
F Fr.	1.027	1.841	2.927	236.9	10.	2.593	3.297	2213	2.092	60.34	1,443
S Fr.	0.3%	0.710	1.129	91_37	3.856	1	1.271	853.5	0.807	23.27	0.556
NFI.	0.312	0.559	0.888	71.87	3,033	0.787	1	671.3	0.635	18,30	0,438
Lira	0.464	0.832	1.323	107.1	4.518	1.172	L490	1000.	0.945	27.26	0.652

C\$ 0.491 0.880 1.399 113.3 4.780 1.240 1.576 1058 1 28.84 0.690 BFr. 1.702 3.052 4.851 392.7 16.57 4.298 5.464 3668 3.467 100. 2.391 Ees 0.712 1.276 2.028 164.2 6.930 1.797 2.285 1534 1.450 41.81 1 Yea per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

* Contracts traded on APT. Closing prices shown. POUND - DOLLAR FT FOREIGN EXCHANGE NATES 1-mts 3-mts 6-mts 12-mts 1.7853 1.7682 1.7430 1.6987

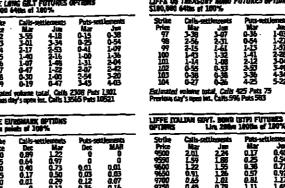
FT LONDON INTERBANK FIXING (11.00 a.m. Dec.5) 3 months US dofters

MONEY RATES						
NEW YORK			Treasur	Bills and	Bonds	
Lumchtliste					5.69 6.74 7.20	
Dec.5	Oversight.	One Morth	Two Mosths	Three Months	Sta Months	Lomberd labsventler
Frankfurt. Parts Carles	915-925 101-104 61-64 931-949 62-64 114-124 91-94 91-10	930-950 10-16% 87-8% 9.40-950 62-64 137-137-198 10%-10%	930-950 9월-10 <u>1</u> 103 ₁ -103 ₂	930-9-90 913-1014 8-814 9-42-9-52 6-14-6-14 12-14-14 9-3-9-8 10-4-10-16	9.30-9.50 97-10 10%-10%	9.25 9.25

LONDON MONEY RATES						
Dec 5	Overnight.	7 days notice	One Mosth	Three Months	Six Months	Qpe Year
nk Offer	101, 101, 101,	10½ 10½	105 105 105 105 105 105 105	105	105-105-105-105-105-105-105-105-105-105-	104 105 105 107 101 101

Tressury Bills (selD; one-mouth 10½ per cent; three months 10½ per cent; six months 91) per cent; Blank Bills (selD; one-mouth 10½ per cent; three months 10½ per cent; Tressury Bills; Average usader cate of discount 10.0806 p.c. ECGD Fixed Rate Starling Export Finance, Make up day November 29, 1991. Agreed rates for period Dec 25, 1991 to January 25, 1992, Scheme 1: 11.74 p.c., Schemes II & III: 11.175 p.c. Refreence rate for period November 1,1991 to November 29, 1991, Scheme 10, 1991, Blank Deposit Rates for soms at seven days posite 4 per cent. Certificates of Tax Deposit (Series b); Deposit Rates for soms at seven days posite 4 per cent. Certificates of Tax Deposit (Series b); Deposit 10,000,000 and oner held under post arouth 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; sh-sine months 9 per cent; under \$1.00,000 or reer cent (run Sept 5, 1991). Deposits withdrawn for cash 5 ner cent.

FINANCIAL FUTURES AND OPTIONS LIFFE LANG GR.T FUTURES OFTIONS ESO,000 640s of 100%



CHICAGO



Close High 85.73 85.62 86.49 66.63 Close High 100,73 101,03 101,04 Estimated volume 366 (719) Traded exchainsly on APT

96.49 96.90

PHILAMELPHIJA SE C/S OPTIONS 531,250 (cods per EL) Estimated volume 3189 (3458) Previous day's open lat. 13892 (12292) **PARIS** 7 to 10 YEAR 10% HOTSONAL FRENCH BOND CHATUF FUTURES

15gh 95.20 95.45 95.34 95.31 95,16 95,41 95,28 95,09 Est. Vol. (Inc. figs. not shown) 4648 (3381) Previous 4ay's open Inc. 41236 (42867)

Gost Mgn 90.39 90.42 90.72 90.75 91.03 91.04 91.28 91.28 91.36 91.37 91.52 91.51 Estimated volume 27501 (21295) Provinus (kay's open kgt. 175730 (182169)

Estimated valuate 1780 (1475) Previous day's open int. 25237 (25135)

Estimated volume 11644 (8392) Previous day's open lat. 39133 (39748) FT-SE EUROTRACK 180 INDEX 8858 per fail index paint Clast 1056.0 Estimated values () (()) Previous day's open int., 305 (305)

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MONEY MARKET FUNDS

Money Market Trust Funds

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0.80 0.85 0.31 0.11 0.01 0.01

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6 to 10 YEAR 10% ITALIAN LING TENN CONTRACT QUATIF) FOR

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0.01 0.06 0.23 0.66 0.70 0.95

Money Market **Bank Accounts**

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farest Chemes Acc 0753 516516 6.375 8.775 Ob 6.363 9.041 Dr

date Bank PLC 13.855 2.962 1,707

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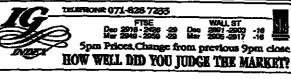
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Rodurghe Bank Lef 11.5
Royal Bit of Soutland 10.5
South & Williams Secs. 10.5
Standard Chartered 10.5
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1 This French mount is red (6) 4 Fly without a break, causing certain stress (8) 9 Exceptional 29 may be hid-

den (6) 10 Wind up with hard feelings

10 Wind up with hard feelings when put in jeopardy (3)
12 Gold found in animal enclosure can be kept (3)
13 Claim devastating note will give rise to ill-will (5)
15 Purt and a little lemonade
— nothing better! (4)
16 The people this man works with are not animated (7)
20 The lowest price acceptable is a pound (7)
21 Add way-out ring as distinctive decoration (4)

21 Add way-out ring as distinctive decoration (4)
25 Spoil a naughty child show off (6)
26 Drinks to play with? (8)
28 Many a daring agitator appears woolly (8)
29 A gift of ancient-coin (6)
30 The underworld boss sent head of state protests (8)
31 Always received by serving men showing respect (6)

DOWN
1 The merry monarch's order for salad (44)
2 Taking a ride — not restricted (8)
3 Sarah holds with comfortable footwear (6)

able footwear (6)
5 Offensive row (4) 6 The sailing man keeps food in dry wrapping (8)

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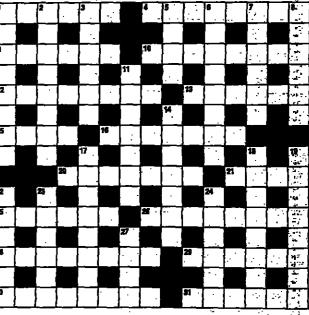
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7 A girl popular with the network (6) 8 A quarter pull up and park (6) 11 Plant in error? (7)

14 Green after study gives cause to change (7)
17 A new form of device is to be used — that's final! (8)

be used — that's final! (5)

18 Figure remains only are material (3)

19 The piece of lamb being minute, one prepared staffing (8)

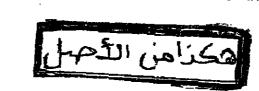
22 CIO men possibly put on airs (5)

23 Good fellows left on board (5)

(6)
24 Murmur an egghead can be benevolent (6)
27 Some coppers are old teshioned (4)

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WORD

f	FINANCIAL TIMES PRIDAY DECEMBER 6 1991	WORLD STO	CK MARKETS
# 10 年 10 10 10 10 10 10 10 10 10 10 10 10 10	AliSTEGA FRANCE (standings) GERMANY (continued)	December 5	CANADA
	Second S	Euro Agricolas 1-900 -0.05 -0.	
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High 5 12 13 18 13 67 7 4 15% 5% 11% 18% 12%

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12% 5 Koltmorgen
18 11½ Korne Fd
24½ 12½ Korne Fd
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16 8¾ Kuldner Co x
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12% 8¾ Kyocar CP

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FINANCIAL TIMES

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Dow weakens on domestic and overseas concerns

Wall Street

US SHARE prices eased yester day morning as Wall Street fol-lowed other world markets lower, writes Karen Zagor in New York

WORLD STOCK MARKETS

At 1.30 pm, the Dow Jones Industrial Average had lost 21.69 and stood at 2.889.98 in modest volume. Declining issues led advancing ones by 11 to 5. The market's fall gained momentum when the Dow failed to hold above the 2,900 level. On Wednesday, the Dow lost 17.89 to 2,911.67.

Other indices also moved lower. The Standard & Poor's 500 dropped 3.33 to 376.74 by 1 pm, and the Nasdaq compos-ite finally succumbed to the and fell 1.80 to 533.48.

US equities lost ground in early trading amid concern that the Bundesbank was planning to tighten German mone tary policy. The US market was further weakened by apprehension about the US economy and fears of a weak fourth quarter.

An announcement of reorganisation plans by IBM helped the big computer company halt its downward trajectory. The company's shares added \$1/4 to \$90 %, after closing at a 52-week low on Wednesda

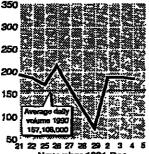
Boeing added \$% to \$42% in active trading, regaining part of its recent loss, after the com-

pany told analysts that it would not be able to maintain planned production levels if the airliner market did not improve. UAL, which also predicted bleak earnings this week, tumbled \$4% to \$120%.

News that the Daily News

had filed for Chapter 11 protec-tion from creditors did nothing

NYSE volume Daily (million)



November 1991 Dec

to help the New York Times. Its class A issues fell \$1/4 to \$18%, near its 52-week low. In the pharmaceutical sector Upjohn slid \$21/4 to \$37% after Alex, Brown cut its rating on the stock. A European advisory board is due to make recommendations on Upjohn's bestselling Halcion sleeping pill and there are rumours that the report will be negative. Sales of the drug were recently banned

in the UK. Merck also edged lower, sliding \$1% to \$148%, while Glaxo's American Depositary Receipts gained \$% to

Sanifil, which operates hazardous waste landfills, plunged 36% to \$15% after predicting lower than expected earnings for 1992.

In over-the-counter trading, Lotus Development climbed \$1% to \$20% after the computer software maker said that it would slash its workforce by 10 per cent in an effort to cut costs. Lotus expects to take a fourth quarter charge of between \$14m and \$18m to cover the measures.

Canada

TORONTO stocks were flat in thin trade at midday, in spite of cuts by Canada's six lea banks in their prime rates to 8.0 per cent from 8.5 per cent. The composite index lost 2.4 to 3,425.1, recovering from an eariler low of 3,419.25. Declining issues led advances by 278 to 171 in volume of 11.9m shares

171 in volume of 11.9m shares valued at C\$151.3m.

Canadian imperial Bank rose C\$\(^4\), to C\$\(^3\)3. The bank reported a jump in fourth quarter earnings to C\$1.09 per share from C\$1 previously. Royal Trust eased C\$\(^4\), to C\$7 a new 52.week low in a move away. 52-week low, in a move away from trusts following dismal analysts' forecasts for Central Guaranty Trust.

Bundesbank decision offers comfort to some bourses

INTEREST RATE movements captured the attention of continental investors yesterday, as Sweden's central bank raised its key lending rate and the Bundesbank decided not to, writes Our Markets Staff. FRANKFURT had a subdued

aimless day as investors and traders waited for the outcome of the Bundesbank's council meeting, due after the bourse losed. The FAZ index fell 5.37 to 636.10 at midsession and the DAX lost 7.54 to 1,553.42, reflecting the minor losses in Wednesday's post-bourse.
Volume fell again, from

DM4.2bn to DM3.6bn. After hours, there was a token increase in prices as the Bund-esbank decided to keep interest

The spotlight stayed firmly on Continental, the tyre company, which closed DM4.50 higher at DM220. With a further gain of DM4 in the postbourse to DM224. Conti has en 13 per cent since the collapse of co-operation talks with Pirelli of Italy last weekend.
The stock is also responding to earnings per share forecasts of up to DM15 for 1992.

STOCKHOLM focused on the

Riksbank's swingeing increase in its key lending rate, of six percentage points to 17.5 per cent. The move took the equity market by surprise, and its initial reaction was a drop of about 3 per cent from Wednes-

But on reflection, dealers and analysts concluded that, if the rate rise stemmed the speculative flight of currency, it would be strictly a short-term measure. The Affärsvärlden General index closed 11.1, or 1.2 per cent, lower at 918.0.

PARIS ended near its day's high after the Bundesbank's decision. The CAC 40 index closed 10.70 down at 1,703.23, after falling to a day's low of 1,686.88 in nervous trading. Turnover was moderate at

167.16 132.90 136.17 252.31 75.80 137.52 110.05 170.91 154.85 70.94 131.93 202.91

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Australia (69

FT-SE Eurotrack 100 - Dec 5								
Open 1049.40	10 pm 1049.14	11 am	Noon 1046.93	1 000	2 pm	3 pm 1048.17	Close 1950.13	
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FFr1.9bn, down from FFr2.5bn. Accor fell another FFr14 to FFr626 after this week's Belgian court ruling that the French hotels group and Société Générale de Belgique should raise their bid for Wagons-Lits. Yesterday the court ordered them to extend the bid

by 10 days.
Arjomari-Prioux was the most active stock, falling FFr16 to FFr2,375 in turnover of FFr259m. It had risen sharply on Tuesday after a two-week suspension, during which Saint-Louis offered to buy in the minority Oil stocks were weak, with

Elf Aquitaine down FFr6.40 at FFr381.60 and Total off FFr30 at FFr1,004. MILAN sank deeper into its

depression. The Comit index fell 6.21 to 502.89 in turnover estimated at close to Wednesday's L77bn.

Pirelli SpA resumed its slide after the brief pause on Wednesday, falling 2.9 per cent

or L35 to L1.180. The bourse watchdog, Consob, was reported to have opened an investigation into possible insider trading of shares in Pirelli prior to the company's weekend announcement of losses linked to the failed takeover of Continental.

The computer maker, Olivetti, dipped 1.2 per cent or L32 to L2,638. Telecoms also succumbed to the bearish tone, with Stet falling L22 to L2,010, but insurers minimised their losses, with Generali falling only L170 to L27,050.

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114,71 143,13 111,48 113,04 128,40 97,45 123,21 114,85 118,56 118,22 124,60

ZURICH closed lower in dull trading, the Crédit Suisse index dropping 5.0 to 447.3.

The employment group, Adla, topped the active list and closed SFr25 lower at SFr394 after it denied a report that it might have to take a bigger loss than expected on the planned sale of non-core busi-Bearers in Mövenpick, the

restaurant and hotels group, rose SFr100 to SFr4,050 after the company confirmed that its founder, Mr Uli Prager, was seeking a buyer for his majorstake. BRUSSELS was worried by

the possibility of a German interest rate rise, closing before the Bundesbank's decision was known. The Bel20 index fell 8.14 to 1,069.46 in light turnover of BFr530m. Société Générale de Belgique dropped BFr45 to BFr1,855, as Wagons Lits remained

AMSTERDAM closed lower in quiet trading. The CBS Ten-dency index fell 0.6 to 88.1. Amey rose 70 cents to F151.70 after reporting better-than-ex-pected third quarter results. MADRID slipped in quiet trading before a four-day week-end, although turnover picked up to about Pta9bn from Pta7.76bn. The general index

fell 1.07 to 244.68. OSLO ignored the rise in Swetish rates, and its all-share index rose 1.53 to 393.45. HRL-SINKI registered a new low for the year, the Hex index falling 6.68 to 805.42.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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Sterting index

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4.17 2.26 1.13 2.36 3.15 3.41 4.16 2.39 2.38 2.66 3.54

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Cautious consensus in pre-election Taiwan

Prospects are better in Taipei, but investors are playing it safe, writes Antonia Sharpe

A performance this year, the prospects for Taiwan's stock market in 1992 are looking decidedly better. Taiwan has fallen 4.2 per cent in 1991 to date, compared with a 26 per cent rise in the FT-Actuaries Pacific Rim ex Japan index; in the process it has failed to recoup any of the 80 per cent collapse it suffered in 1990

Analysts blame this year's Analysts blame this year's lethargy on the opening of the state-dominated banking system to private competition. This prompted a flight of capital from the stock market as large industrial groups sold shares to raise the required capital to set up private banks. The stock market has also had to compete with high interest rates, forced up by the government's intention to overnment's intention to

National Development Plan largely through bond issues and increased public spending. A third reason for the stock market's caution comes in the

finance its US\$303bn slx-vear

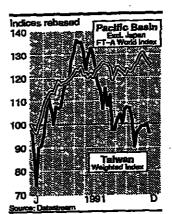
form of the National Assembly

ASIA PACIFIC

elections due on December 21, which are expected to open the prospect of more seats for the small, but vocal, opposition opposition of the run-up to the country's first real elections since 1949, the governing KMT party has been reluctant to push through any unpopular

With investors playing safe and putting their savings in time deposits until all these uncertainties are resolved, it is little wonder that the stock market has failed to build up much momentum or reflect the country's buoyant economy. Mr John Engle, Hoare

Govett's country analyst, is confident that the stock market will start to perform in the first quarter of next year. "The underlying economy is very strong," he says. Total exports have been rising at 13 and 14 per cent year on year, with exports to Europe - mainly in textiles and synthetic fibre showing a growth rate of 20 to 25 per cent. "There has also been an obvious improve-ment in ties with mainland



China," Mr Engle adds.
Mr Bill Stoops at Baring Securities is also positive about the stock market, given the stronger economic performance in Taiwan this year compared with South Korea. He adds, however, that the stock market is likely to remain in its established range of between 4,200 and 4,500 on the weighted index until after

could trade for a little while longer in this box," he says. Yesterday the index receded 38.04 to close at 4,340.09.

Mr Engle is particularly keen on construction and engineering companies in the Taiwan stock market, since those are the sectors that are most likely to benefit from the government's ambitious sixgovernment's ambitious sixyear development plan.

year development plan.

Financing the programme is not causing too much concern for now, the government has US\$77bn of foreign reserves which it can use, and it has other assets at its disposal. The government, anxious to avoid any overheating in the econ-omy, has indicated a certain flexibility about the duration of the development plan.

International investors are taking a greater interest in Taiwan following the opening of the market to foreigners earlier this year. Foreign inves-tors currently hold less than one per cent of the stock mar-ket's equity capitalisation, of which between 30 and 40 per

national accounts, which showed that GDP has fallen for

the past five quarters in a row.

over of A\$214m, after A\$180m.

Banks rose on hopes of fur-ther cuts in interest rates to

revive the economy. Commonwealth Bank of Australia firmed 4 cents to A\$7.42.

James Hardie receded 6

For those who are unwilling to invest more than US\$5m (by investing this sum, they can apply for permission to buy the shares in their own name), there is the alternative choice of at least five new funds

launched this year.
Two of the funds - Thornton Taiwan Fund and BZW's Taiwan Tracker Fund - pro-vide a workable solution to restrictions stemming from the country's foreign exchange controls. Both funds are divided into a Taiwan dolla cash series and a stock market series, which allow investors to move in and out of the stock market on a weekly basis

The suggestion of an improvement in liquidity is another positive factor under pinning the stock market in 1992 Expectations of a fall in-interest rates should reduce the marginal benefit of rolling over time deposits. Data from Hoare Govett show that time deposits now amount to T\$3,780bn (US\$145bn), or 126 per cent of the stock marker's capitalisation.

Nikkei declines in derivatives-led trading

Tokyo

DERIVATIVES-led trading con-DERIVATIVES-led trading continued to move the equity market yesterday, but this time the Nikkei average ended lower after a volatile session, writes Emiko Terazono in Toleyo.

The Nikkei closed 210.27 down at 22,459.17 after opening at the day's high of 22,650.22. The low was 22 181 55 Volume

The low was 22,181.55. Volume declined from 220m shares to 200m, institutional investors staying on the sidelines and index-linked trading by option traders dominating by option traders dominating the market. Falls led rises by 527 to 416, with 157 issues unchanged. The Topix index of all first section stocks shed 13.60 to 1,714.87. In London the ISE/Nikkei 50 index finished and

Nikkei 50 index finished only 0.85 off at 1,284,45. Heavy index-linked selling by a leading British house depressed share prices in the morning. Market participants were cautious over option-related movements as yesterday was execution day for Decem-

ber options contracts. Favourable economic funda mentals, including the fall in long bond yields, the yen's strength against the dollar, and better than expected GNP figures for the third quarter announced on Wednesday, failed to support the market. Some traders said yester-

day's decline was not as severe as expected. "There is more hope for lower interest rates and people are feeling more comfortable," commented Mr Chris Appleton at Baring Securitles. However, he added that investors may wait for next week's release of the Bank of Japan's tankan – quarterly business survey – before making any major investment moves.

ing holdings in international blue chips. Sony retreated Y100

Aids-related issues were actively traded. Unitika, the textiles company, rose Y14 to Y500 on reports of a develop ment of an anti-Aids drug.

SOUTH AFRICA

Currenc, Index

128.47 139.68 108.80 112.92 215.53 68.72 119.50 91.34 98.95 130.95 66.12 106.85 214.09 4422.38 118.86 4422.38 118.86 157.10 177.51 114.09 146.46 162.53 145.53 145.51

JOHANNESBURG eased in duli trading, although a fall in the financial rand provided some support. The all-gold index fell 7 to 1,218, and the industrial index also lost 7 to 4,157. The all-share index slipped 10 to 3,485.

1991 Low

112.74 135.86 118.04 126.49 217.74 75.80 119.11 94.15 149.18 152.86 162.23 189.18 157.08 151.60 151.

121.05 199.56 135.42 128.53 238.84 106.85 141.59 116.94 124.49 147.04 79.94

160.31 222.37 151.20 144.28 270.56 125.15 182.26 185.25 148.97 247.78 1404.63

151,52 200,81 145,92 147,96 160,44 129,80 153,19 148,16 146,16 148,68 155,59

MR NICHOLAS KNIGHT of Nomura Research Institute Europe, whose name is a byword for bearishness in the UK equity market, took a trip to Tokyo and the Far East recently and has returned to report "a sense of impending doom closing in on the Japanese equity market".

"To say that the local investors are not bullish at the

moment is somewhat of an understatement," he says, "but to imagine that this means that all the bad news is now in the price would be the height of folly." According to Mr Knight, and his colleague, Mr Anthony Broccardo, the Nikkel could drop below 20,000.

Okamoto, the prophylactic maker, put on Y30 to Y1,140. Other speculative shares were also active, with Toyo ink up Y74 to Y854. Nippon Carbon climbed Y110 to an all-time high of Y2,950.

Steels continued to fall on margin selling after the research arm of a leading Japaese broker forecast that profits of the six leading steel com-panies would decline sharply in the current year. Kawasaki Steel slipped Y9 to Y351. In Osaka, the OSE average

gained 166.57 to 24,309.69 in volume of 12m shares. Small-lot bargain hunting supported cheaper stocks. Kobayashi Met-

als, a trading company special ising in hardware, moved ahead Y25 to Y725 on reports that it would report a 21 per cent rise in pre-tax profits to a record Yl.1bn.

Roundup PACIFIC RIM markets concentrated on domestic issues yes-terday. Bangkok was closed for the King of Thalland's birth-day holiday.

AUSTRALIA fell on news that the economy was still in recession and fears that this could prompt analysts to revise

their earnings forecasts down.

The unexpected announcement

cents to A\$2.88 after reporting a 28 per cent drop in operating profits after tax. NEW ZEALAND finished weaker as another bout of for-eign selling orders depressed prices and kept turnover at relatively high levels. The NZSE-40 index dipped 8.64 to 1,459.03 in turnover of

Z\$32.6m, against NZ\$44.5m Brierley Investments eased 2 cents to NZ\$1.00 on volume of 6.9m shares, which included block sales of 3.9m shares at NZ\$1.01 and 1.9m shares at

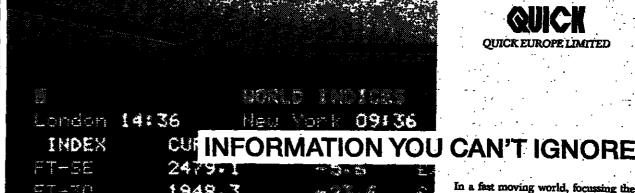
NZ\$1.00. SEOUL fell on a late selling spree prompted by a string of discouraging rumours. The

composite index was down was contained in Australia's 10.55 to 621.04 in turnover of Won140.5bn, after Won182.9hn Prices weakened on perais-tent fears about business fall-The All Ordinaries index declined 6.6 to 1,608.2 in turnures and rumours that the gove ernment had initiated investigations into some large companies for possible tax eva-

> MANILA continued to be supported by Philippine Long Distance Telephone, which added 55 pesos at 797.50 pesos. The composite index appreci ated 11.28 to 1,115.57 but turaover decreased to 83m pesos from 109m

HONG KONG ended mixed after subdued trading. The Hang Seng index eased 4.44 to 4,157.15. Turnover contracted to HK\$933m from HK\$1.16bm. KUALA LUMPUR ended softer in patchy trading but had virtually reconped an early loss. The composite index ended off 0.09 at 529.32 in turnover of M\$45.4m (M\$40.2m). SINGAPORE closed little

changed. The Straits Times Industrial index shed 1.09 to 1,437.35 in \$\$53m turnover.



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RECRUITMENT

JOBS: Adrian Furnham considers the pitfalls for employers of taking up job applicants' references

Dings, the employment of recommendation remain the methods of Reading the message between the lines of recommendation remain the most prevalent methods of evaluating prospective employ-

Enough has been said and written about the employment interview but what of the quaint custom of requesting letters of reference and testimonials? Why do we call for them? How does one spot classic lies, attempts to fudge or obfuscate?

What people are usually doing when they seek references is increasing the size of the selection committee; adding to the number of people making the judgment on the candidate; spreading the blame or at least diffusing responsi-bility.

Furthermore reference writers are supposed to know-the candidate extremely well and be in a position to comment on his or her behaviour, skills, abilities and temperament on, as well as off, the job.

In this sense they represent what one might call, in medical circles, an expert second opinion. From this point of view they appear desirable given the difficulty of trying to

in many forms as indeed do testimonials though we are probably seeing less of the lat-ter. Some simply tell the referee that a person known to them has applied for a certain position, and would they be so kind as to state the extent to which the candidate was suitable. Other requests require comment on the extent to which the candidate is punc-tual, socially adept, computer literate, hypochondriacal and

Some references require one to fill out rating scales going from outstanding to poor and using wonderfully school-master phrases like satisfactory and average. The range, format and purpose of references never ceases to amaze me. Years ago, while a post-graduate, a friend of mine applied for a holiday job at Harrods. For some reason it was thought

chosen presumably because I would use (on her request)

Oxford University notepaper.
The request duly arrived and I dutifully completed it as requested. Of course I never mentioned that my friend was the sickly type given to taking to her bed when the trials and tribulations of this world got too much for her. Neither did I mention that she was a Marxist opposed to nearly everything that capitalist Knights-bridge stood for. More recently I received a four page questionnaire on one of my past students that seemed more exhaustive that was required for positive vetting. It could have been a way of collecting

what is now called biodata and took hours to complete. There are, in my view, three factors which render references of which ever sort, pretty worthless: frequently referees are chosen/nominated by the candidates and so are biased; there are unwritten, implicit she would be well suited to the fish counter. She was asked to there are unwritten, implicit and hence ambiguous rules for

of the writer in completing the

The first problem lies in who the references are obtained from. Some interview panels are completely non-specific, requesting letters from "two people who know you well". Others specify your boss, immediate superior, former lecturer - but these often give the candidate pretty extensive leeway to choose another. It is comparatively rare that

candidates are required to get a reference from someone mentioned by name and hence the exact choice of reference writer is open to potential abuse. One trick is to get a high status referee.
Secondly, the fact that refer-

ences are written in a sort of code of their own makes them difficult to crack. They are dreadfully one-sided and it is quite difficult to recognise either the refereed, however well one knew them. Some nationalities are worse than

get rid of people that one has mistakenly appointed.

Requests for references come

nominate referees and I was chosen presumably because I cannot be sure of the motives would use (on her request)

would use (on her request)

of the writer in completing the worker a Stakonovite, every leader a Churchill. These references are worthless because they fail to discriminate the able from the unable, the competent from the incompetent.

the efficient from the ineffi-

The British, however, are uncomfortable with excess -particularly praising - prefer-ring to understate. They also like a hint of criticism believing that it is better to praise that way. They also use coded phrases that earned them the reputation for being perfidious.

For "while Mr Smith was occasionally a little lapse in time keeping..." read he is habitually late; "Clearly grow-ing out of earlier irresponsibiling out or earner irresponsion-ity" means remains immature; "At her best with close friends" should read socially unskilled with clients and "got a well deserved lower second" should read: "is rather dull". Debrett's, that most celebrated of etiquette books,

good nannies: "A too brief letter of reference gives some clue to investigate further, and if a previous employer is less than enthusiastic about a former nanny a telephone chat will make the situation quite clear." But will it? What reason is there to suppose that people who are tactful and diplomatic (dishonest) in print cannot or

I suspect a phone call may bring specific answers to specific questions but, unless the reference writer is scared of being sued, he will give very much the same impression as the written reference.

will not be the same on the

The final problem lies in the motives of the reference writer. The loss of an employee has consequences - some good, others bad - and it is not difficult to see how these might influence the writer of a reference. Debrett's again on references for household staff: "When giving a reference, it is not fair to recommend an

employee yourself. On the other hand, it is essential to remember the importance of a good reference to someone seeking a household post, so even if you are smarting with annoyance you must be scrupulously fair and explain the good points of the applicant as well as the bad." True enough

There is a temptation to put in a positive recommendation hoping that someone else will inherit your problems. This is a more common and more serious sin than writing a had reference for a good employee that one may wish to retain. By definition if they are good, employees will do well despite

but rarely done.

ences, not only on personal experience but also on that most respectable and difficult to define of all activities,

research.
Studies in the area of organi-

nel psychology have shown that letters of reference on applicant competence are not predictive of future job performance. This is mainly due to the fact that they are too homogeneous with respect to the evaluation of applicant attributes and qualifications because everyone is character-

ised as "somewhat desirable." However it has been observed that some negative comments among the positive may be seen as a sign of hon-esty on the part of the referee.

Many otherwise intelligent and sceptical employees and educationalists believe that with a modicum of common sense, the process of selection as people who have studied the issue know to their own cost.

Outdated, invalid and corruptible methods are still used and misplaced faith invested in them. Letters of reference are, in general, too susceptible to bias of one form or another, to the generally difficult decision of selection, appointment and promotion.

Adrian Furnham is head of the Business Psychology Unit at University College, London

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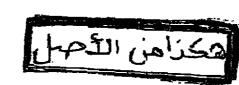
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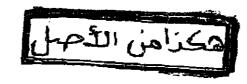
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ACCOUNTANCY COLUMN

Testing time for professional demarcation lines

Law is law and accountancy is accountancy, and never the toain shall meet

THE PHRASE may not have quite the rhythm of Rudyard Kipling's original verse about East and West, but its message stands firm: some observers believe too many accountants and lawyers consider themselves in isolation, and neglect the important links connecting

their areas of activity.
The coionial connotations of Kipling's version are also relevant. Yves Dezalay, a French sociologist, likens the contemporary growth in the two professions to the age of empire building. "As with the discovery of colonies, the opening up of new markets gives rise to fearsome appetites for power,"

he says. In Europe at least, the big audit firms have led the way, striving to usurp subjects tra-ditionally dominated by lawyers, in an effort to both expand their income and to gain some of the social prestige traditionally given to their

Only a few areas of practice representation in higher auditing accounts on the other - are protected by a legal monopoly. Elsewhere the demarcation lines are being

turning their professions into "supermarkets" of business services over the last few years. Should experts leave their "cloisters" to become business people; or will they lose their legitimacy and inde-

pendence if they do so?

Although he is somewhat short on explanation, he argues that for a long time top European lawyers disdained developing areas of practice like tax law consultancy, which were "progressively appropriated by accountancy firms" as a result. A survey last year suggested that there were 5,600 taxation experts in the top six British accountancy firms, compared with 150 in biggest six City law firms. There is nothing new in the

separation between accountancy and law. Nearly 100 years ago, in 1897, Lord Halsey said: "Accounts are the one subject of which lawyers are supposed to know nothing." Nowhere are the professional walls more strongly con-

structed and maintained than in academia: According to a study in 1989, only nine of 24 British university law faculties surveyed covered accounts in their courses on company law!
An attempt to redress the
balance is made in a series of
academic articles just pubincreasingly tested.

Dezalay argues that many lawyers - and some accountants - have resisted the great academic articles just put put academic articles just put put academic articles just put academic articles just put put academic articles just put academic acad

diversification which has been accountants attempting to write for those beyond their own specialist audience, as well as the one by Dezalay as an outsider looking in.

The issue seems less a matter of how existing boundaries will be re-marked, more a question of whether accountants

and lawyers will remain discrete professional groups," writes the general editor of The Modern Law Review in a

omewhat ambitious preface. The two editors of the special issue, both from the London School of Economics, are acutely aware of these boundaries. Judith Freedmam is senior research fellow in company and commercial law, and Michael Power is a lecturer in the department of accounting and finance

Freedman says that many of her law students have a real fear of figures. "One of the first enrolling for my course on taxation is whether they will have to deal with numbers.

At the same time, Power argues that accounting stu-dents learn the computational

side of tax, for example, with little reference to case law. They tend to study law as simply one of a range of speciali-ties, giving it brief and often over-simplified treatment.

"Legal concepts may be missing and a deeply entrenched attitude to law as a set of tedious technicalities to be learned by rote may have been instilled by the educational system," the two aca-

The emphasis on techniques in general and quantification in particular, and the drive by accountants to establish themselves as a separate profession from the law, has led to a clear segregation in Britain which finds other countries.
Accountants often tend to parallels in many other countries.

their own skills by emphasis-ing their "elite knowledge" of

everywhere. In Germany,

demics warn in their introduc-tory article in the journal. The gaps in students' knowledge may later be filled through continuing education courses or once they enter employment with a practice. gest that there are increasing incentives to exaggerate the differences between accountancy and law later in life. Lecturers may try to enhance

> an alien subject; at the extreme, they may be essentially marketing themselves the expertise of their firm. The situation is not the same

dominated by law. In the US, law firms have grown and diversified far more than their European counterparts, and are strong in tax work. Even in the UK, accountancy is historically largely a by-product of the law and its processes, as Christopher Napier and Chris-topher Noke, two other con-

accountancy is still firmly

Even so, the emphasis on techniques in general and quantification in particular, and the drive by accountants to establish themselves as a separate profession, has led to a clear segregation in Britain which finds parallels in many

tributors to the journal, point

see the law as providing inflexible constraints, say Freedman and Power, while lawyers see it as a way to inject certainty and objectivity into areas too important to be left to subjec-

In the view of Doreen McBarnet and Christopher Whelan, authors of another article, lawyers tend to be "rule follow ers", "rule preservers" and "interested in rights in something and against somebody" attitudes reflected in the stance of their professional bodies. Even though accounting standards are not rigid

rules, lawyers tend to interpret them as statutory provisions. Accountants, on the other hand, are more likely to see

which can be changed if necessary. The law may be supportive, but they certainly do not consider it as the sole determinant of accounting policy.

In the past, lawyers have been willing to leave much of the detail of accounting regula-tion to the accountants. Many of the concepts embodied, such as the "true and fair view" accounts are supposed to give, have barely been tested in the courts.

In the future, Freedman and Power suggest this is all likely to change. The growing complexity of financial markets and their associated regulation is only one example of how accountancy and law are becoming more inter-disciplinary. The Accounting Standard Board's philosophy on finan-cial reporting will add to the tensions between the profes-

sions, they argue.
Overcoming the barriers will rather more difficult. Nevertheless, now that the Orient meant by "East" in Kipling's original verse has come to be associated with the ossified and isolationist Communist regimes, no doubt both accountancy and law would rather be associated with the "West". step to help the professions move in that direction.

*The Modern Law Review, vol 54, no. 6. Law and accountancy special issue. Basil Black-well, Oxford. £12.25.

This is a key appointment within a £400 million high technology engineering based manufacturing company.

FINANCIAL CONTROLLER

Engineering Industry

Your objective will be to build a team and introduce effective controls to efficiently and profitably manage all financial aspects of major contracts.

You will be an experienced qualified accountant with an in-depth knowledge of engineering/manufacturing operations and a flair for integrating financial control systems with material and production controls, etc.

Ambitious, well motivated candidates will need to demonstrate a record of financial and managerial achievement in substantial companies in the engineering/manufacturing sector.

Benefits include car, pension and relocation assistance. There are good prospects for wider career development.

Replies will be forwarded directly to our client. Please write with full c.v., listing separately any companies to whom your application should not be sent and quoting reference A319, to March Recruitment Advertising, Telegraphic House, Waterfront 2000, Salford Cuays, Manchester M5 2XW.

to £35,000: Midlands

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Manchester M2 5HD.

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Our Client, a £1 billion turnover service company employing over 6,000 people, is currently undergoing substantial redirection and development. Their strategy is to further enhance profitability and service quality via a programme of reorganisation and investment in new technology.

Reporting to a newly appointed Audit Manager, the Head of Computer Audit will be responsible for the review of both operational and financial systems. Specific duties will include-

Development of an audit strategy and plan.

Development of audit and department software and the training of audit staff.

Ensuring that audit methods meet the highest professional standards.

Establishment of constructive working relationships between the audit and

Aged 27 to 37, the successful candidate will be a high calibre qualified Accountant seeking a new challenge in a dynamic environment. Prior experience will have been gained in the computer audit function of one of the major public accountancy practices or a large pic, the prerequisite being that this audit experience has been within IBM mainframe, minl and PC environments. The nature of the role demands well developed communication skills, enthusiasm and initiative.

Please apply directly to Ingrid Flannery at Robert Half, Freepost, Walter House, 418 The Strand, London, WC2R OBR, Telephone, 071-836 3545. Alternatively, fax your details on 071-836 4942.

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other management functions.

Financial Controller ×19 **Director Designate** £30,000 pa + substantial benefits Merseyside Our client, an old established private successful company, occupying modern office premises and operating within a specialised process industry, having a sales turnover of some £12 million per annum, is seeking to recruit an experienced qualified Accountant to join the professional management team, as Director Candidates, aged 30-45, must be able to demonstrate a progressive career, coupled with practical hands on experience within dynamic environments, of both the accounting and company secretarial disciplines, where they will have contributed significantly to the commercial well being of an organisation. It is considered the post offers attractive long term career prospects to a qualified Accountant, with the energy and ambition to succeed in a challenging role as a Director of a dynamic business. An attractive remuneration package, including a service contract upon a Board appointment being confirmed, is available to the successful candidate in return for long term commitment. Applications in writing please, giving full details of your career to date and contact telephone numbers, quoting reference L6409 to George Hopwood, Grant Thornton Management Consultants, Heron House, Albert Square,

MANAGEMENT CONSULTANTS

9 6 5

THE SALVAGE ASSOCIATION Chief Accountant *To £40.000 + Car*

The Salvage Association, a prestigious and unique international organisation with headquarters in the City, requires a Chief Accountant, The Association is pre-eminent in its field, providing marine surveying services to Underwriters throughout the world. There is a total staff of 250, many of whom are expatriate surveyors based in 32 branch offices in sixteen countries.

■ Reporting to the General Manager, the successful candidate will be responsible for the Association's accounting worldwide, with an immediate staff of 25. Head Office accounts are supported by a sophisticated computer system. In addition to accounting responsibilities, the Chief Accountant will work closely with the General Manager on worldwide administrative and pension policies. The Association generates revenue of some £24 million annually and is funded, in part, by the Institute of London Underwriters and Lloyd's markets

to whom it provides many services

 Candidates should be qualified accountants, aged 40-55, with strong management skills, who would enjoy working in a flexible environment and whose responsibilities will have extended beyond those of pure finance. They should have the ability to relate effectively at all levels within the Association and within the London and foreign insurance markets. Experience of expatriate life and insurance would be

■ Please write with career details including current remuneration and quoting reference CA375 to Carrie Andrews, Ernst & Young Corporate Resources, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

II Ernst & Young

To £150,000 London plus share options Group Finance Director Highly rated, fast growing, medium sized UK plc with spread of US and European service businesses requires very high calibre Group Finance Director to support a period of rapid development, including acquisitions. Corporate finance, tax and treasury experience with a premier international plc important. ■ Intellectually bright ACA with sharp commercial focus. ■ Key member of top management team, with full ac-Likely to be fast-track late thirties, with experience in countability for accounting systems, management inforoperating and head office roles. marion and overseas reporting, during a period of change ■ Technically strong, exposed to applying tight controls

■ Significant exposure to the City and lead involvement in the acquisition process.

■ Active role demanding full participation in the manage-

ment and strategic direction of the business.

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to a fast growing business, with prior experience of acquisitions negotiation and integration.

■ Capable of tackling a demanding work load and motivating staff in a fast-paced business. Proven business judgement and boardroom stature essential.

zase reply, enclosing full details, to: lector Europe, Ref F4291211, 16 Connaught Place.

FINANCE DIRECTOR

To develop the commercial aspects of management in this international engineering business

Up to £40,000 + car

West London

Companies described as being "turned around" are usually still heading for the cliff, or even already hanging off it! In this case, however, a long-standing and substantial profit record has created a solid foundation for the new Managing Director, who is determined to increase the company's share of a growing market. The task will go beyond the mere creation of management information systems and production of accounts, however vital these areas are; essentially it will involve assistance to the MD in his encouragement of a more forward looking, achievement-oriented culture. This inevitably means that business attitudes and personal style will be as important in our selection as professional strength. Ideal candidates, certainly qualified and possibly already heading their own finance function, will have a background in manufacturing, preferably in engineering. Their core skills in financial management must be complemented by communication skills and a demonstrable ability to achieve business objectives, while experience with a substantial group operating internationally will be a distinct advantage. Please send full career details, quoting reference WE 1101, to Dave Denny, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

MARD EXECUTIVE

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Finance Director

Excellent Package

Exeter

A key commercial and strategic role in a fast developing, success driven service environment. A real career challenge to an ambitious, first class Finance Professional.

THE COMPANY

Core business of South West Water plc, providing water and sewerage services to a complex, expanding customer base.

Turnover £160 million. Budgeted capital expenditure of £1.4 billion at current values. Real commitment to service and quality. Group strategy of

further growth and diversification at home and abroad. THE POSITION Responsible to MD for all financial, management,

capital and regulatory accounting. Supporting profit centres with financial control and advice.

 Reviewing and optimising reporting systems, tariffs and charging structures.

& Managing and developing a team of 200 to provide industry leading performance standards. QUALIFICATIONS

Dynamic, determined and creative graduate Accountant with proven record at plc FD or senior

Financial Controller level. A charismatic leader, profit orientated with outstanding

business and interpersonal skills. ≪ Ideally systems and tax literate. Age probably 35 to 45.

> Please reply in writing, enclosing full cv. Reference AK4891 37 Queen Square, Bristol, BS1 4QS

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Divisional Finance Director

Northern Home Counties

Our client is a major force in the rapidly expanding and highly competitive environmental services sector. Turnover of £70m is generated from operations throughout the UK and the company has ambitious plans to develop its market presence, both organically and by

This is a new appointment, designed to strengthen the existing management team by the addition of high calibre commercial and financial expertise. As well as the normal control and reporting requirements associated with a position at this level, the successful applicant will be expected to play a major role in business development, bringing a creative and imaginative financial approach to the formulation

c£50,000 + Bonus + Car

and execution of expansionary commercial strategies

Candidates, aged up to 45, should be qualified accountants who are currently operating at Board level in the construction, transport, property or related areas. A demonstrable track record of success in financial management, coupled with excellent technical, commercial, communication and leadership skills is essential. Career development opportunities within this dynamic PLC will be substantial.

Interested applicants should forward a comprehensive CV quoting ref: 2647, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH (Tel: 071-831 2000).

Michael Page Finance

Specialists in financial recruitment London Bristol Windsor St Albans Leatherhead Birmingham

Karriere-Chance in Deutschland: Internationales Finanzwesen/Controlling

Unser Beratungskunde ist ein bedeutender Hersteller von High-Tech-Geräten und Systemen, die weltweit durch eigene Vertriebsorganisationen in 20 Ländern an den Handel vertrieben werden. Der Umsatz liegt bei 220 Mio. £. Die Zentrale dieser Division eines europäischen Konzerns befindet sich in London, verschiedene Bereiche werden im Rahmen einer Umstrukturlerung in den Großraum Frankfurt verlegt werden. Hier eröffnet sich nach einer etwa 2monatigen Einarbeitung in London die Einstiegs-

Finanzbuchhalter/Junior Controller - ca. 30.000,-£ p.a. -

Ihre Aufgaben: Konsolidieren und Erstellen von Monatsberichten, Erarbeitung der Vierteljahres-Prognosen und Jahres-Budgets, Erledigung kurzfristig anfallender Projekte für das Management sowie ständige, enge Zusammenarbeit mit den Controllern der verschiedenen Gesellschaften in Fragen, die sich im Spektrum zwischen Buchführungssystemen und grundsätzlichen Buchhaltungsthemen erge-

Ihr Profil: Nach Ihrem Abschluß als Diplom-Kaufmann bzw. MBA sollten Sie entweder erste Berufsertahrung im Finanz- und Rechnungswesen bzw. Controlling eines vorzugsweise international operierenden Unternehmens gesammett oder in einer WP-Gesellschaft vergleichbare Strukturen kennengelernt haben. Daneben bringen Sie ein breitangelegtes EDV-Interesse und -Wissen mit, das es Ihnen ermöglichen wird, ein neues Reporting-System auf einer AS 400 zu erlernen und mit zu implementieren. Lotus 1-2-3, insbesondere die Finanzbuchhaltungsprogramme, kennen Sie aus eigener Praxis.

Persönlich sollten Sie Freude daran haben, flexibel und eigenverantwortlich in einem überschaubaren. hochkarätigen Team ziel- und ergebnisorientiert – auch unter Termindruck – mitzuarbeiten. Im übrigen wünschen wir uns einen 2sprachigen (Englisch/Deutsch) Mitarbeiter, der International Akzeptanz fin-



Wollen Sie Ihre Karriere in einem weltweit wachsenden Unternehmen mit Interessanten Perspektiven fortsetzen? Dann sollten Sie diese Chance nutzen. Bitte senden Sie Ihren tabellarischen Lebenstauf mit Zeugniskopien, Lichtbild und Angabe Ihres heutigen Jahreseinkommens unter Kennziffer 5163, z. Hd. von Frau Dr. Kerstin Steiner, Postfach 75 03 49, 6000 Frankfurt/M. 75.

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Financial Controller

West Midlands

responsibility for accounting and management

c.£35,000 + car

international group and a market leading supplier of automotive parts. It is a major contributor to corporate profitability through a worldwide distribution network. They seek a Financial Controller who, reporting to the Financial Director, will work closely with the Managing Director to provide him with the information needed to control a £430 million turnover business. Likely to be in the age range 28-35

Our client is part of a £2.5 billion turnover

 be a graduate with a recognised accountancy qualification or an MBA with experience of line accounting.

have had a minimum of 6 years experience in industry/commerce including operational

reporting in a medium sized company or operating have developed good commercial skills with

initiative and an ability to communicate at he highest levels of management. This is a senior management appointment and success in the post could lead to a financial director appointment within the Group. A competitive

package includes some assistance with relocation

where appropriate. Write in confidence to John Gregory, Search and Selection Division, Breckenridge Consultants Limited, Charter House, 426 Avebury Boulevard, Central Milton Keynes, MK9 2HS demonstrating your relevance clearly and quoting reference 136/FT.

BRECKENRIDGE

FINANCIAL CONTROLLER

West Midlands

to £40,000 + bonus + car

The subsidiary of a major UK plc, this company is the market leader in its specialist service sector niche. It has grown rapidly over the last five years and contributed outstanding profitability.

Reporting to the Director of Finance, you will manage a department of about 25 staff and be responsible for all financial and management accounting activities, including budgeting and reporting. The Controllers of several operating divisions will report to you on a functional

A qualified accountant and probably in your 30's, you will have excellent experience of all aspects

of financial control and management reporting. gained in a highly disciplined and professionally managed working environment. Your interpersonal and staff management skills will be of a high order and you should demonstrate the potential and the ambition to progress to director level within the short to medium term. Prospects in the group as a whole are exceptional.

Please send a comprehensive résumé, including day-time telephone number, quoting reference 3219, to Neil Cameron, Touche Ross Executive Selection, 1st Floor, Hill House, 1 Little New Street, London EC4A 3TR.

MANAGEMENT

Financial Controller

North West

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to £35,000 + Bonus + Car

Our client is an autonomous division of a £100 million turnover UK subsidiary of a US corporation which is a world leader in the manufacture and distribution of specialist food products. Over the last two years, the division has implemented a major investment programme to enhance the growth potential of the business significantly. The current recruitment requirement is an extension of this process.

A proactive, 'hands-on' Financial Controller is sought to work closely with the Managing Director and UK Finance Director, providing broad financial support for the commercial direction of the business. Emphasis will be placed on the presentation and interpretation of management information, and the ongoing

development of computerised systems in areas such as costing, treasury and working capital control.

Candidates, likely to be aged over thirty, will be qualified accountants with strong technical ability, combined with senior level experience gained in a fast moving, computerised manufacturing environment. Highly developed commercial and interpersonal skills will be essential for the individual to make an impact in this high profile role.

Interested candidates should send a curriculum vitae to Mark Hurley ACMA, Michael Page Finance, Clarendon House, 81 Mosley Street, Manches M2 3LQ, quoting Ref: M14839.



Specialists in financial recruitment London Bristol Windsor St Albans Leatherhead Birm Nottingham Manchester Leeds Glasgow & Worldwide

Director of Finance and Business Development

Surrey

c£40,000 + Performance Related Pay with several years' experience at a senior

St Peter's Hospital, Chertsey has recently been awarded NHS Trust status. With £37M of service contracts it is the major provider of acute health care for NW Surrey. As a Trust, the hospital will be able to build upon its existing reputation for excellence as it seeks to become acknowledged as one of the country's leading General

Hospitals. To help meet this challenge an enthusiastic and ambitious person is required to lead and develop the finance function as an executive member of the Trust Board. Reporting to the Chief Executive, he or she will also take responsibility for business development and information functions. A key task will involve managing existing contracts and seeking out new opportunities for service growth, thus

Candidates will be qualified accountant

increasing the revenue potential of the Trust.

St Peter's Hospital

a major career move. An understanding of the application of modern commercial accounting and IT procedures to an NHS environment will be crucial to success in this role. Candidates without NHS experience must therefore be able to demonstrate an ability rapidly to assimilate an unfamiliar and complex

level in a large organisation, looking for

culture. Experience in business planning and marketing is also highly relevant. Benefits package includes subsidised lease car and relocation

Interested candidates should forward a comprehensive curriculum vitae quoting Ref: 1201 to Diane Forrester ACA, Michael Page Finance,

Executive Selection Division, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance Specialists in financial recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

UK Controller

SOUTH BUCKS/HERTS

Circa £30,000 negotiable package + car + share options

A US company involved in developing and marketing distributed computing software and services is seeking to expand its operations in Europe and the UK. This has given rise to an exceptional opportunity to become part of a fast moving, high growth business.

As part of the management team successfully building and developing the business, you will set up effective systems and controls and be responsible for the preparation of all financial information including reporting to the US.

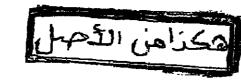
You will act as Financial Advisor to the Managing Director and make a significant contribution to business planning and taxation.

An ambitious qualified accountant with a minimum of two years' PQE, you have the potential to grow with the company and the ability to achieve results in an unstructured environment. A 'shirt sleeves' approach and high level computer literacy will be essential and a knowledge of US standards and reporting would be useful.

If you are interested in this high-profile and challenging role, fax or send your CV, including salary details to Andrew Cook, Resource Selection, 36-40 Liverpool Road, Lutan, Beds. LUI 1RS.

Telephone Number: 0582 422472. Fax Number: 0582 415868 Ref. ASC





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Group Financial Controller

Hemel Hempstead c.£42.500 + car + benefits

Our client is a medium sized publicly quoted PLC, whose subsidiary companies design, manufacture and market products used widely within the commercial sector. Business growth is planned both organicly and by acquisition in the UK and Europe.

The company wish to appoint a Group Financial Controller to join their highly motivated head office team. Reporting to the Group Finance Director and heading a small staff. responsibilities include financial management of subsidiary reporting and budgetary control, statutory accounting/ related fiscal requirements and acquisition evaluation/ integration.

The appointee will be a qualified Accountant with strong technical and systems skills developed in a high quality employment background. Candidates ideally aged early to mid 30's should be self-motivated with strong leadership and management qualities, good financial/commercial judgement and the ability to compliment a highly regarded

Please write enclosing a CV to John Sheldrake at John Sheldrake Associates, 47 High Street, Little Abington, Cambridge CB1 6BG. Tel: 0223 893910. Fax: 0223 893901.

> John Sheldrake Associates Executive Search & Selection

FINANCE DIRECTOR - DESIGNATE

F.M.C.G. WEST LONDON

This young and rapidly expanding group has continued to see sustained growth during the last five years through diversification into specialist niche food manufacturing markets both in the

UK and Europe. They are now looking to recruit a key individual to play a vital role in the company's future development.

responsible for all aspects of financial management,

strategy formulation and systems development.

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Reporting to the Chairman, you will be

This individual will also be involved with the implementation of strong financial controls over the Company's expanding European operations.

The successful applicant will be a qualified accountant aged between 30 - 40 with strong technical and analytical skills. The ability to work at board level and to liaise throughout the group are of great importance, and you will be expected to have a hands-on approach to all operational and financial matters.

The package will include a company car, pension and private medical insurance. It is

c. £45,000 + CAR

To discuss this opportunity further, please write enclosing a detailed CV to Giles Daubeney at Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP. (Fax 071-915 8714)

c£28,000 negotiable + Car

anticipated that the successful candidate will

be promoted to the Board within six months.

ROBERT WALTERS ASSOCIATES

CREDIT SUISSE FINANCIAL PRODUCTS **Derivatives Product Control**

Outstanding Remuneration Package

Credit Suisse Financial Products, a UK Bank rated AAA/Aaa, is renowned for its innovation in the global derivatives market and for the quality of its professional staff. Continued expansion and transfers from Product Control into the front office have created the need to recruit two high calibre ACA's with derivative product experience.

Equity/Commodity Derivatives

Qualified ACA, 28-35, with first class technical skills and strong management ability to lead and develop the existing team of 6 professionals. From 2-5 years' experience within a sophisticated financial institution is a prerequisite.

Fixed Income/FX Derivatives

Qualified ACA, 25-30, with 1-2 years' experience ideally of swaps and other derivative products. Must have the numeracy and analytical skills to understand complex structured products and their associated risks.

These roles provide gemine opportunities to work alongside traders and business managers who expect high level analytical support to enable profit maximisation and control of risk. Opportunities to progress within this highly profitable organisation are superb for candidates who are gifted, hardworking and ambitious to succeed.

Interested candidates should contact Suzie Mummé at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 (081-673 2549 evenings/weekends) or write, sending a detailed CV to the address below. All applications will be treated in the strictest confidence.

76. Watling Street, London EC4M 9BJ



Tel: 071-248 3653 Fax: 071-248 2814

ATS SOCIATES ACCOUNTING MANAGER

Financial Services

and business acumen.

M25 - South

This is a challenging opportunity for an experienced accountant seeking management responsibility in a progressive international group. With a flourishing network of branches throughout the UK, our client is now expanding rapidly overseas. During this period of growth, top quality management information and control are essential and the role of Accounting Manager is therefore particularly high profile.

Leading a team of fourteen staff and liaising closely with senior executives throughout the group, the successful candidate will be responsible for controlling a high volume of group expense information. This will entail producing regular management reports, helping analyse the performance of the individual branches and developing controls to enhance the commercial quality of the data generated.

Applicants must be qualified accountants with an established record of leadership and the ability to motivate a diverse

£36,000 + bonus + car group of people. They should have well-developed management accounting skills gained in a multi-site

commercial environment and be able to demonstrate initiative

Whilst a financial services background would be useful, it is not essential. What we are looking for, however, is an individual who is self-assured and credible at the highest levels, with the commitment and skill to make an impact during this exciting period in the company's development.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L629.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (071-629 8070) EGOR

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The European Patent Office

is an international organisation with 14 member states, which currently employs some 4000 staff at its headqurters in Munich and at offices in The Hague, Berlin and Vienna. The organisation has its own pension system, supported by a Pension Reserve Fund, in part externally managed, which is now worth close to DM 1 billion and still growing. It is to administer these resources that we are now looking for an experienced and successful

FUND MANAGER

to assume the day-to-day running of the fund, assisted by a deputy manager and a small staff unit. He/she will be closely involved in planning investment policy and defining related strategies, as well as having regularly to monitor and report on the fund's performance.

The successful applicant will be a national of a European country and possess a University degree or similar qualification (e.g. MBA), having already acquired considerable experience within a major financial institution or multinational corporation. A proven track record, preferably in pension fund management, is essential, as is complete mastery of one of the 3 official languages (English, French, German) of the organisation and an ability to work effectively in the other two.

The contract of employment foresees tax-free remuneration commensurate with the importance of the appointment, together with accompanying benefits. Application forms, to be returned by

20 December 1991, are obtainable from: The Principal Director, Personnel Department, European Patent Office,

Erhardtstrasse 27, D-8000 Munich 2, Tel. (Munich) 2399-4318, Fax: (Munich) 2399-2706.



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Our client, a Birmingham based, highly specialised unit of a major UK plc.

W. Midlands

is seeking an individual capable of fulfilling a high profile management accounting role in a sales orientated and technically complex business where limely and accurate management information is of paramount

Management Accountant

As a vital member of a tightly knit finance team, you will be responsible for providing business support to senior management in the form of linancial analyses, budgets and forecasts, appraisals and systems enhancements. In this context, you will represent the operation's financial interests, both internally and externally, gaining frequent exposure to key decision makers. Candidates should be commercially astule accountants with 1 to 3 years' pge, gained preferably in a sales driven or service related environment. Essential attributes include a lively mind, well-honed analytical skills and a dynamic, assertive personality. The ability to operate autonomously whilst retaining a flexible, team-spirited attitude is a prerequisite. The group as a whole offers excellent scope for long-term career development Please write, in confidence, enclosing full career and salary details, to Tim knight, quoting reference 5649/10/F.



Financial Positions In A Moscow Joint Venture

This joint venture between a prominent UK multinational and a Moscow state authority has enjoyed tremendous success - a record which will be enhanced by impressive expansion plans. These positions will be based in Moscow and offer an exciting opportunity to be part of the changing face of Russia.

Finance Director

c £55,000 Gross, Plus Benefits

Reporting to the Managing Director your contribution will be across the whole spectrum of the business rather than in purely financial areas. You will build an overall financial strategy which will continue the venture's success and facilitate its expansion. The introduction of international accounting best-practice as well as familiarisation with Russian law and financial practices, will be key ϵ 'ements. Aged 30 or more, you must be a fully qualified accountant with experience of joint venture or start-up finance. You will be fluent in Russian with a high level of business acumen. Experience in Eastern Europe is preferred. Ref: M19093/FT.

Accountant

c £35,000 Gross, Plus Benefits

As part of the Operations team you will design, implement and control management accounting systems to enable effective and efficient management of the business. Key elements will be the introduction of micro-computer based financial reporting and the production of financial results in UK format, from local records. Aged 30 or more, you will be a qualified accountant with overseas experience embracing both management and financial accounting. Fluent Russian would be an advantage. Ref:

Both positions offer an attractive salary backed by overseas allowances. In addition, furnished accommodation will be provided (single or family) with company car, pension, private health facilities and regular visits home.

Male or female candidates should submit in confidence a comprehensive c.v. to: J. Morrison, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF, 061 832 3500, Fax: 061 834 8577, quoting the appropriate reference.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and EUROPE

FINANCIAL CONTROLLER Fast-moving Computer Company

Package c£50,000 +Car

West

London

0

Our client has become a dominant force in the marketing and sale of the new generation Unix workstations - a market currently growing at 50% per annum. With a blue chip and international financial institution client base, their outstanding profits, balance sheet and growth record are backed by quality management and a continuing commitment to customer service and technical

Reporting to the MD, the Financial Controller will influence the strategy and development of the business as well as managing all aspects of finance, accounting and controls within the company. Appointment to the Board is anticipated in due course.

For this demanding and challenging opportunity the successful candidate, a graduate chartered accountant (27-33 years), must possess high levels of commercial judgement and strategic vision as well as technical, management and communication skills - preferably gained in a sales

If you feel you have the qualities to succeed, contact John Bowman on 071-387 5400 (out of hours on 0474-874473) or write to him quoting reference TB100 655.

FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, LONDON WOLH GAN. TEL: 071-387 5400, FAX: 071-388 0857

whitehead selection

Finance Director

Consumer products manufacturing

North West

c £55,000 + share options + car

A subsidiary of a profitable and progressive British plc, this £100m turnover company manufactures and distributes branded products for the UK and export markets. One of the leading names in its sector, it has significant potential for profit enhancement through increases in market share and reduction of the cost base to ever more competitive levels.

Reporting to, and working closely with, the Managing Director, you will have full responsibility for financial direction and control of the business. A positive and creative contribution to the commercial development of the company is expected. Managing a medium-sized finance and systems function through a period of considerable change is an important aspect of the role.

You will be joining a young, dynamic executive team, where high intellectual calibre and first-class interpersonal skills are prerequisites. A graduate aged mid 30s - early 40s, you must be a qualified accountant, preferably a CA from a leading professional practice. Demonstrable success in a senior financial management position with a sophisticated manufact

Strong commercial awareness must be complemented by good leadership and teambuilding skills and an action-orientated style. Interesting career opportunities within the group have been identified for the really able performer. (Ref: 2121)

Please write with CV to Stuart Spindler, Whitehead Selection Ltd, Blagrave House, Blagrave Street, Reading RG1 1QA. A Whitehead Mann Group PLC Company

whiteheadselection

to £35,000, car

FINANCIAL

CONTROLLER

o join a division of one of the principal

consumer products in substantial volumes for

price sensitive consumer markets. This

influential appointment requires a major

contribution to be made at a time of significant

change, not only in the overall control of the

finance function, commercial interpretation of

the prepared information and development of

control systems, but also regarding inventory

management, product costing and profitability

contribution analysis. Candidates will be

qualified ACMA, aged over 30 and preferably

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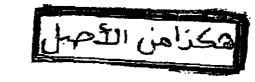
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